

**Date and Time:** Monday 30 September 2024 23:29:00 CEST

**Job Number:** 234826451

**Documents (100)**

1. [*The Partnership supports Alberta 's agricultural sector*](https://advance.lexis.com/api/document?id=urn:contentItem:5RYR-KC11-F0K1-N4DM-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** strategic and interventions or strategic and programs or strategic and plan or strategic and producer or interventions and programs or interventions and plan or interventions and producer or programs and plan or programs and producer or plan and producer

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2. [*Washington: USDA Foods Partnerships Celebrate American Agriculture*](https://advance.lexis.com/api/document?id=urn:contentItem:5RYR-82D1-JDG9-Y0P6-00000-00&idtype=PID&context=1516831)

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3. [*MPRT contract farming course aims to attract youth*](https://advance.lexis.com/api/document?id=urn:contentItem:5S2R-VMN1-F17J-S0H1-00000-00&idtype=PID&context=1516831)

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4. [*Proxy Advisor ISS Recommends CanniMed Shareholders Approve Acquistion of Up Cannabis*](https://advance.lexis.com/api/document?id=urn:contentItem:5RD4-JGT1-F0K1-N1C4-00000-00&idtype=PID&context=1516831)

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5. [*Bovine TB proposals a mixed bag', says UFU*](https://advance.lexis.com/api/document?id=urn:contentItem:5R37-CBH1-JDPH-B4JH-00000-00&idtype=PID&context=1516831)

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6. [*FEDERAL REGISTER: Notice of Availability of Draft Scientific Assessment for Public Comment Pages 51802 - 51802 [FR DOC # 2017-24347]*](https://advance.lexis.com/api/document?id=urn:contentItem:5PXJ-48G1-JDG9-Y1YV-00000-00&idtype=PID&context=1516831)

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7. [*FEDERAL REGISTER: Notice of Solicitation of Applications for the Repowering Assistance Program Pages 17522 - 17524 [FR DOC # 2018-08298]*](https://advance.lexis.com/api/document?id=urn:contentItem:5S52-FN31-F0YC-N1JT-00000-00&idtype=PID&context=1516831)

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8. [*Brunei Ministry of Culture, Youth and Sports programmes look to build youth leadership*](https://advance.lexis.com/api/document?id=urn:contentItem:5S2R-VMJ1-F17J-S53H-00000-00&idtype=PID&context=1516831)

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9. [*- ALLIANCE GROWERS ANNOUNCES INITIAL ANALYST COVERAGE REPORT AND INSTITUTIONAL AWARENESS PROGRAM*](https://advance.lexis.com/api/document?id=urn:contentItem:5PMW-FGR1-F0K1-N2JW-00000-00&idtype=PID&context=1516831)

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10. [*Featuring renewable energy facilities: UBM is calling for manufacturers to participate in Livestock Taiwan Expo & Forum on 26-28 July*](https://advance.lexis.com/api/document?id=urn:contentItem:5RFK-Y8V1-JB72-14TC-00000-00&idtype=PID&context=1516831)

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11. [*CEDA Conference - Australia's place in the world*](https://advance.lexis.com/api/document?id=urn:contentItem:5RDK-X791-F0YC-N51P-00000-00&idtype=PID&context=1516831)

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12. [*President Anastasiades outlines projects for Troodos mountain range communities*](https://advance.lexis.com/api/document?id=urn:contentItem:5PDM-8SF1-F00C-62HC-00000-00&idtype=PID&context=1516831)

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13. [*Mahindra Automotive North America Announces Third Round Of Urban Agriculture Grants Totaling $100,000 To Six Non-Profits*](https://advance.lexis.com/api/document?id=urn:contentItem:5P4T-0BK1-F11P-X42R-00000-00&idtype=PID&context=1516831)

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14. [*Marina Sturdza, Romanian Princess and Humanitarian, Dies at 73*](https://advance.lexis.com/api/document?id=urn:contentItem:5PT5-KRT1-JC85-N1FC-00000-00&idtype=PID&context=1516831)

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15. [*Register of Commission documents: Written answer : Bad weather and drought in Italy : farm produce threatened; activation of extraordinary support measures for farmers Document date: 2017-08-16 P8\_RE(2017)003991 Answers to written questions*](https://advance.lexis.com/api/document?id=urn:contentItem:5PNP-7S31-F0YC-N140-00000-00&idtype=PID&context=1516831)

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16. [*FEDERAL REGISTER: Records Schedules; Availability and Request for Comments Pages 37468 - 37470 [FR DOC # 2017-16890]*](https://advance.lexis.com/api/document?id=urn:contentItem:5P80-9SF1-JDG9-Y0FH-00000-00&idtype=PID&context=1516831)

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17. [*- Cannabis Science CEO Receives Prestigious Industry Leader Award at 2018 Global Health Catalyst Summit at Harvard Medical School*](https://advance.lexis.com/api/document?id=urn:contentItem:5SFK-P961-JD3Y-Y146-00000-00&idtype=PID&context=1516831)

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18. [*Rubrics in program evaluation*](https://advance.lexis.com/api/document?id=urn:contentItem:6BGY-KPD1-JBMY-H15Y-00000-00&idtype=PID&context=1516831)

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19. [*- Continental Gold Launches Future Harvest Agricultural Program in Western Antioquia*](https://advance.lexis.com/api/document?id=urn:contentItem:5PDX-F4D1-F0K1-N36G-00000-00&idtype=PID&context=1516831)

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20. [*Register of Commission documents:Annex to Commission Implementing Decision adopting an Annual Action Programme for Montenegro for the year 2017 Part 2, EUR 15 million Document date: 2017-09-04 COM-AC\_DR(2017)D052806-01 Comitology - Right of scrutiny*](https://advance.lexis.com/api/document?id=urn:contentItem:5PV5-VR61-F0YC-N1JF-00000-00&idtype=PID&context=1516831)

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21. [*FEDERAL REGISTER: Notice of Intent To Seek Approval To Establish an Information Collection Pages 41667 - 41669 [FR DOC # 2017-18619]*](https://advance.lexis.com/api/document?id=urn:contentItem:5PDW-MHD1-JDG9-Y1R4-00000-00&idtype=PID&context=1516831)

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22. [*Programme looks to draw more youth into agribusiness*](https://advance.lexis.com/api/document?id=urn:contentItem:5S2R-VM91-F17J-S0C4-00000-00&idtype=PID&context=1516831)

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23. [*Kazakhstan and USA strengthened their economic ties: Key moments*](https://advance.lexis.com/api/document?id=urn:contentItem:5RF2-HNB1-JDVR-03C3-00000-00&idtype=PID&context=1516831)

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24. [*Register of Commission documents: Horizon 2020 Document date: 2017-10-03 EPRS\_BRI(2017)608727 Briefing*](https://advance.lexis.com/api/document?id=urn:contentItem:5R2T-0481-JDG9-Y1WB-00000-00&idtype=PID&context=1516831)

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25. [*From idea to implementation. Grupa Azoty closer to breakthrough technology solutions*](https://advance.lexis.com/api/document?id=urn:contentItem:5SF0-HWX1-JDVR-0236-00000-00&idtype=PID&context=1516831)

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26. [*Register of Commission documents: Commission’s Action Plan on Nutrition April 2016 – March 2017 Document date: 2017-06-14 COM\_SWD(2017)0239 SEC documents*](https://advance.lexis.com/api/document?id=urn:contentItem:5NYF-9F71-F0YC-N35G-00000-00&idtype=PID&context=1516831)

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27. [*-DSM reports 2017 results - CEO statement*](https://advance.lexis.com/api/document?id=urn:contentItem:5RNF-W9N1-JD3Y-Y3X6-00000-00&idtype=PID&context=1516831)

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28. [*FEDERAL REGISTER: Inviting Applications for Rural Cooperative Development Grants Pages 24726 - 24735 [FR DOC # 2018-11482]*](https://advance.lexis.com/api/document?id=urn:contentItem:5SFK-8TH1-F0YC-N44F-00000-00&idtype=PID&context=1516831)

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29. [*-LiCo Energy Metals to Acquire Ontario Cobalt Property from Glencore plc*](https://advance.lexis.com/api/document?id=urn:contentItem:5PDP-FW11-JD3Y-Y2X6-00000-00&idtype=PID&context=1516831)

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30. [*Hemp CBD Production Projected to Become Billion Dollar Market by 2020 MarketNewsUpdates.com News Commentary*](https://advance.lexis.com/api/document?id=urn:contentItem:5PW0-2CM1-JB72-12W3-00000-00&idtype=PID&context=1516831)

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31. [*Prairie Mining Limited Half Year Accounts*](https://advance.lexis.com/api/document?id=urn:contentItem:5RV2-H9Y1-JCXB-21TT-00000-00&idtype=PID&context=1516831)

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32. [*Council of the European Union:Report from the Commission to the European Parliament and the Council: Annual report to the Discharge Authority on internal audits carried out in 2016 (Article 99(5) of the Financial Regulation) ST 12267 2017 INIT*](https://advance.lexis.com/api/document?id=urn:contentItem:5R13-FF01-JDG9-Y3H3-00000-00&idtype=PID&context=1516831)

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33. [*Roxgold releases 2017 Q4 and full year results*](https://advance.lexis.com/api/document?id=urn:contentItem:5S12-WK21-JC0X-H44S-00000-00&idtype=PID&context=1516831)

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34. [*NI Grain Trade Brexit outlook*](https://advance.lexis.com/api/document?id=urn:contentItem:5NR2-G251-F15K-22FH-00000-00&idtype=PID&context=1516831)

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35. [*Prairie Mining Limited September 2017 Quarterly Report*](https://advance.lexis.com/api/document?id=urn:contentItem:5PVJ-4131-JCXB-2482-00000-00&idtype=PID&context=1516831)

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36. [*Prairie Mining releases financial report for half-year ended December 31, 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5S48-F9H1-JC0X-H30X-00000-00&idtype=PID&context=1516831)

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37. [*MAGNIT PJSC: Launch of Share Sale*](https://advance.lexis.com/api/document?id=urn:contentItem:5PYH-W4V1-F0CC-S24X-00000-00&idtype=PID&context=1516831)

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38. [*US DOE selects Great Lakes Bioenergy Research Center for five years of funding to develop sustainable alternatives*](https://advance.lexis.com/api/document?id=urn:contentItem:5P3J-6BH1-JC0X-H3DJ-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** strategic and interventions or strategic and programs or strategic and plan or strategic and producer or interventions and programs or interventions and plan or interventions and producer or programs and plan or programs and producer or plan and producer

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39. [*Register of Commission documents:the Commission to the Council and the European Parliament Eleventh Annual Report 2016 on the implementation of Community assistance under Council Regulation (EC) No 389/2006 of 27 February 2006 establishing an instrument of financial support for encouraging the economic development of the Turkish Cypriot community Document date: 2017-07-10 COM\_COM(2017)0372 COM documents*](https://advance.lexis.com/api/document?id=urn:contentItem:5PCC-KFD1-JDG9-Y4FT-00000-00&idtype=PID&context=1516831)

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40. [*B. Sagintayev sets specific tasks before the Government members related to the implementation of the Address of the President of the Republic of Kazakhstan*](https://advance.lexis.com/api/document?id=urn:contentItem:5RCS-PCJ1-F19S-P4P6-00000-00&idtype=PID&context=1516831)

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41. [*How is Big Food using accelerators and incubators?*](https://advance.lexis.com/api/document?id=urn:contentItem:5RSD-JFB1-JDNW-44JN-00000-00&idtype=PID&context=1516831)

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42. [*CanniMed to Expand Globally with Acquistion of Up Cannabis*](https://advance.lexis.com/api/document?id=urn:contentItem:5R0W-DTR1-JD3Y-Y2H5-00000-00&idtype=PID&context=1516831)

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43. [*Register of Commission documents:EU framework programmes for research and innovation: Evolution and key data from FP1 to Horizon 2020 in view of FP9 Document date: 2017-09-20 EPRS\_IDA(2017)608697 In-Depth Analysis*](https://advance.lexis.com/api/document?id=urn:contentItem:5PX3-MST1-JDG9-Y363-00000-00&idtype=PID&context=1516831)

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44. [*- Roxgold Reports 2017 Fourth Quarter and Full Year Financial Results - Strong Cash Flow Driven by Robust Operating Performance in First Full Year of Operation*](https://advance.lexis.com/api/document?id=urn:contentItem:5S18-CF71-JD3Y-Y19D-00000-00&idtype=PID&context=1516831)

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45. [*Register of Commission documents: Commission Implementing Decision on the 2017 Annual Action Programme in favour of Cuba Summary Document date: 2017-07-04 COM-AC\_DR(2017)D052017-01 Comitology - Right of scrutiny*](https://advance.lexis.com/api/document?id=urn:contentItem:5PDW-MHD1-JDG9-Y373-00000-00&idtype=PID&context=1516831)

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46. [*Register of Commission documents:2010) 9371 of 17 December 2010 adopting the Cross–border programme the former Yugoslav Republic of Macedonia – Kosovo " under the IPA-Cross–border Co–operation component, for the years 2010–2011, last amended by Commission Implementing Decision C(2012)8623 of 26 November 2012 Document date: 2017-08-01 COM-AC\_DR(2017)D052263-02 Comitology - Right of scrutiny*](https://advance.lexis.com/api/document?id=urn:contentItem:5PPC-1X01-F0YC-N443-00000-00&idtype=PID&context=1516831)

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47. [*Council of the European Union:3580 Competitiveness (Internal Market, Industry, Research and Space) ST 15212 2017 INIT*](https://advance.lexis.com/api/document?id=urn:contentItem:5R89-XVM1-JDG9-Y2MN-00000-00&idtype=PID&context=1516831)

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48. [*Register of Commission documents:Annex 2 to Commission Implementing Decision amending Decisions adopting the Turkish Cypriot community programmes for the years 2014, 2015 and 2016 Document date: 2017-06-27 COM-AC\_DR(2017)D051891-01(ANN01) Comitology - Right of scrutiny*](https://advance.lexis.com/api/document?id=urn:contentItem:5P8C-YRC1-JDG9-Y49F-00000-00&idtype=PID&context=1516831)

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49. [*-First Session of the 63rd General Assembly of the Nova Scotia Legislature Speech from the Throne*](https://advance.lexis.com/api/document?id=urn:contentItem:5PJ4-0S91-JD3Y-Y3GJ-00000-00&idtype=PID&context=1516831)

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50. [*OPINION: Feeding the future*](https://advance.lexis.com/api/document?id=urn:contentItem:5S2R-VMF1-F17J-S26N-00000-00&idtype=PID&context=1516831)

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51. [*Speech of Prime Minister Bakytzhan Sagintayev at the expanded meeting of the Government of the Republic of Kazakhstan of 09/02/2018*](https://advance.lexis.com/api/document?id=urn:contentItem:5RKY-VR81-F19S-P0PX-00000-00&idtype=PID&context=1516831)

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52. [*Register of Commission documents: Draft Commission Implementing Decision on the Annual Action Plan 2017 and 2018 part I for Bolivia Document date: 2017-07-04 COM-AC\_DR(2017)D052019-01(ANN01) Comitology - Right of scrutiny*](https://advance.lexis.com/api/document?id=urn:contentItem:5PDW-MHD1-JDG9-Y372-00000-00&idtype=PID&context=1516831)

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53. [*Register of Commission documents:Annex to Commission Implementing Decision adopting an Action Programme for the Turkish Cypriot community for the year 2017, EUR 34 836 240 Document date: 2017-09-04 COM-AC\_DR(2017)D052808-01 Comitology - Right of scrut*](https://advance.lexis.com/api/document?id=urn:contentItem:5PV5-VR61-F0YC-N1JB-00000-00&idtype=PID&context=1516831)

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54. [*Brewing success in Burundi ’s coffee industry*](https://advance.lexis.com/api/document?id=urn:contentItem:5YJX-P231-DY4C-F1ND-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

55. [*Transcript of IMF Press Briefing*](https://advance.lexis.com/api/document?id=urn:contentItem:5P2W-7F71-JDG9-Y1PY-00000-00&idtype=PID&context=1516831)

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56. [*Programme summary of Armenian Public TV news 1700 gmt 26 Sep 17*](https://advance.lexis.com/api/document?id=urn:contentItem:5PK5-CNW1-JC8S-C1FC-00000-00&idtype=PID&context=1516831)

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57. [*Register of Commission documents: East2017-part 1-AD3: Commission Implementing Decision on the Neighbourhood East Regional Action Programme 2017 Part I (including 1 action on budget 2018 and 2019), to be financed from the general budget of the European Union Document date: 2017-09-26 COM-AC\_DR(2017)D053173-01(ANN02) Comitology - Right of scrutiny*](https://advance.lexis.com/api/document?id=urn:contentItem:5R13-MHW1-JDG9-Y0JC-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

58. [*Register of Commission documents:Annex 3 to Commission Implementing Decision amending Decisions adopting the Turkish Cypriot community programmes for the years 2014, 2015 and 2016 Document date: 2017-06-27 COM-AC\_DR(2017)D051891-01(ANN02) Comitology - Right of scrutiny*](https://advance.lexis.com/api/document?id=urn:contentItem:5P8C-YRC1-JDG9-Y49C-00000-00&idtype=PID&context=1516831)

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59. [*Berkeley Energia Limited Quarterly Report June 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5P3F-0SV1-F0CC-S3K5-00000-00&idtype=PID&context=1516831)

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60. [*Register of Commission documents: Annex Comprehensive list of actions to the COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN INVESTMENT BANK A stronger and renewed strategic partnership with the EU's outermost regions Document date: 2017-10-25 COM\_COM(2017)0623(ANN01) COM documents*](https://advance.lexis.com/api/document?id=urn:contentItem:5R65-4NS1-F0YC-N1FW-00000-00&idtype=PID&context=1516831)

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61. [*Smithfield Foods Completes Acquisition of Pini Group's Packaged Meats Companies*](https://advance.lexis.com/api/document?id=urn:contentItem:5NP0-PMJ1-JDPT-Y3WM-00000-00&idtype=PID&context=1516831)

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62. [*Register of Commission documents: PROVISIONAL AGREEMENT RESULTING FROM INTERINSTITUTIONAL NEGOTIATIONS Proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 99/2013 of the European Parliament and of the Council on the European statistical programme 2013-17, by extending it to 2018-2020 Document date: 2017-06-15 ECON\_AG(2017)607923*](https://advance.lexis.com/api/document?id=urn:contentItem:5P2N-7J01-JDG9-Y1C0-00000-00&idtype=PID&context=1516831)

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63. [*South Africa successfully concludes its term as Chair of the International Atomic Energy Agency Board of Governors*](https://advance.lexis.com/api/document?id=urn:contentItem:5PMW-FGR1-F0K1-N3BD-00000-00&idtype=PID&context=1516831)

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64. [*United States and Ghana Promote Seed Sector Development*](https://advance.lexis.com/api/document?id=urn:contentItem:5PBS-R7B1-JD3Y-Y17S-00000-00&idtype=PID&context=1516831)

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65. [*Register of Commission documents:Annex to Commission Implementing Decision adopting a Multi-country Action Programme for the year 2017, EUR 168 million Document date: 2017-06-27 COM-AC\_DR(2017)D051895-01 Comitology - Right of scrutiny*](https://advance.lexis.com/api/document?id=urn:contentItem:5P8C-YRC1-JDG9-Y49B-00000-00&idtype=PID&context=1516831)

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66. [*- Berkeley Energia Limited - Quarterly Report June 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5P3H-R0D1-F0K1-N2F9-00000-00&idtype=PID&context=1516831)

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67. [*Velocys PLC Interim results for the 6 months -2-*](https://advance.lexis.com/api/document?id=urn:contentItem:5PKR-24P1-JCXB-20FK-00000-00&idtype=PID&context=1516831)

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68. [*Register of Commission documents: COMMISSION STAFF WORKING DOCUMENT INTERIM EVALUATION of Galileo and EGNOS programmes and evaluation of the European GNSS Agency Accompanying the document Report from the Commission to the European Parliament and the Council on the implementation of the Galileo and EGNOS programmes and on the performance of the European GNSS Agency Document date: 2017-10-23 COM\_SWD(2017)0346 SEC documents*](https://advance.lexis.com/api/document?id=urn:contentItem:5R65-4NS1-F0YC-N1F0-00000-00&idtype=PID&context=1516831)

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69. [*Council of the European Union: COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS Horizon 2020 interim evaluation: maximising the impact of EU research and innovation Lessons learnt from the Horizon 2020 Interim Evaluation and response to the recommendations of the High Level Group on maximising the impact of EU Research and Innovation programmes ST 5271 2018 INIT*](https://advance.lexis.com/api/document?id=urn:contentItem:5RGX-Y7T1-F0YC-N3JS-00000-00&idtype=PID&context=1516831)

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70. [*Bord Bia Awards Recognising success in Ireland 's food and drink industry*](https://advance.lexis.com/api/document?id=urn:contentItem:5PYS-WBX1-DY9P-N1NB-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

71. [*Regional policy mixes for enterprise and innovation: A fuzzy-set clustering approach*](https://advance.lexis.com/api/document?id=urn:contentItem:6BGY-HK51-JBMY-H3RH-00000-00&idtype=PID&context=1516831)

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72. [*FEDERAL REGISTER: Financial Responsibility Requirements Under CERCLA Section 108(b) for Classes of Facilities in the Hardrock Mining Industry Pages 7556 - 7588 [FR DOC # 2017-26514]*](https://advance.lexis.com/api/document?id=urn:contentItem:5RPP-PDK1-JDG9-Y0HM-00000-00&idtype=PID&context=1516831)

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73. [*Pros and cons*](https://advance.lexis.com/api/document?id=urn:contentItem:5S7W-CXX1-JCF2-252V-00000-00&idtype=PID&context=1516831)

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74. [*Register of Commission documents: Draft AAP 2017 Annex VI Expert Support Facility Document date: 2017-07-06 COM-AC\_DR(2017)D051651-02(ANN06) Comitology - Right of scrutiny*](https://advance.lexis.com/api/document?id=urn:contentItem:5PDW-MHD1-JDG9-Y384-00000-00&idtype=PID&context=1516831)

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75. [*- MATICA ANNOUNCES PLANS TO BUILD 1,000,000 SQUARE FEET OF GREENHOUSES*](https://advance.lexis.com/api/document?id=urn:contentItem:5S77-JBK1-F0K1-N1WT-00000-00&idtype=PID&context=1516831)

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76. [*Canada invests $5m in PE -backed irrigation tech company*](https://advance.lexis.com/api/document?id=urn:contentItem:5RTP-S6K1-F0CX-92N7-00000-00&idtype=PID&context=1516831)

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77. [*Register of Commission documents: Jordan SSF-SUM EN: Commission Implementing Decision adopting a Single Support Framework for European Union support to Jordan for the period 2017-2020 Document date: 2017-09-26 COM-AC\_DR(2017)D053176-01(ANN01) Comitology - Right of scrutiny*](https://advance.lexis.com/api/document?id=urn:contentItem:5R13-MHW1-JDG9-Y0JW-00000-00&idtype=PID&context=1516831)

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78. [*- UrtheCast and SIIS sign agreement for the global distribution of their respective portfolios*](https://advance.lexis.com/api/document?id=urn:contentItem:5R8K-BT11-F0K1-N1S7-00000-00&idtype=PID&context=1516831)

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79. [*Top news from Polish politics, economy, business & financial markets - 19:30 BUSINESS & EQUITY MARKET NEWS*](https://advance.lexis.com/api/document?id=urn:contentItem:64R9-6WV1-JCG5-H1JB-00000-00&idtype=PID&context=1516831)

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80. [*Register of Commission documents: Annex 1 to Commission Implementing Decision amending Decisions adopting the Turkish Cypriot community programmes for the years 2014, 2015 and 2016 Document date: 2017-07-26 COM-AC\_DR(2017)D051891-02 Comitology - Right of scrutiny*](https://advance.lexis.com/api/document?id=urn:contentItem:5PKK-HMD1-F0YC-N3JP-00000-00&idtype=PID&context=1516831)

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81. [*Register of Commission documents: staff working document Accompanying the document COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN INVESMENT BANK A stronger and renewed strategic partnership with the EU's outermost regions Document date: 2017-10-25 COM\_SWD(2017)0349 SEC documents*](https://advance.lexis.com/api/document?id=urn:contentItem:5R65-4NS1-F0YC-N1DW-00000-00&idtype=PID&context=1516831)

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82. [*Genus PLC Preliminary Results -5-*](https://advance.lexis.com/api/document?id=urn:contentItem:5PF1-P2P1-JCXB-226C-00000-00&idtype=PID&context=1516831)

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83. [*PhosAgro CEO Presents Achievements of Past 4 Years*](https://advance.lexis.com/api/document?id=urn:contentItem:5P9V-4BK1-JB72-1121-00000-00&idtype=PID&context=1516831)

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84. [*Register of Commission documents: Palestine 2017 AAP-AD1: Commission Implementing Decision on the Annual Action Programme 2017 in favour of Palestine to be financed from the general budget of the Union Document date: 2017-09-27 COM-AC\_DR(2017)D053178-01 Comitology - Right of scrutiny*](https://advance.lexis.com/api/document?id=urn:contentItem:5R13-MHW1-JDG9-Y0JS-00000-00&idtype=PID&context=1516831)

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85. [*Washington: DEPARTMENT OF THE INTERIOR, ENVIRONMENT, AND RELATED AGENCIES APPROPRIATIONS ACT, 2018*](https://advance.lexis.com/api/document?id=urn:contentItem:5PGT-5JY1-JDG9-Y49T-00000-00&idtype=PID&context=1516831)

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86. [*Washington: MCC Compact Celebrates US-Indonesia Partnerships to Promote Economic Growth, Better Health, Strengthened Government Services for Indonesians in NTB*](https://advance.lexis.com/api/document?id=urn:contentItem:5S8P-GPK1-JDG9-Y42G-00000-00&idtype=PID&context=1516831)

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87. [*- World Bank Group Executive Directors Complete Visit to Countries in Europe and Central Asia*](https://advance.lexis.com/api/document?id=urn:contentItem:5SF0-S651-JD3Y-Y1CX-00000-00&idtype=PID&context=1516831)

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88. [*Register of Commission documents:REPORT on building blocks for a post-2020 EU cohesion policy Document date: 2017-05-24 P8\_A(2017)0202 Reports*](https://advance.lexis.com/api/document?id=urn:contentItem:5P52-B061-F0YC-N4TG-00000-00&idtype=PID&context=1516831)

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89. [*GKN PLC - Annual Financial Report*](https://advance.lexis.com/api/document?id=urn:contentItem:5SBJ-CWS1-JB72-13DH-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

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90. [*Register of Commission documents:Annex to Commission Implementing Decision adopting an Annual Action Programme for Albania for the year 2017, EUR 61 200 000 Document date: 2017-09-04 COM-AC\_DR(2017)D052804-01 Comitology - Right of scrutiny*](https://advance.lexis.com/api/document?id=urn:contentItem:5PV5-VR61-F0YC-N1JP-00000-00&idtype=PID&context=1516831)

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91. [*Register of Commission documents: Commission Implementing Decision adopting a Multiannual Indicative Programme between the European Union and Bolivia for the period 2017-2020 MIP Document date: 2017-07-03 COM -AC\_DR(2017)D052001-01(ANN01) Comitology - Right of scrutiny*](https://advance.lexis.com/api/document?id=urn:contentItem:5PDW-MHD1-JDG9-Y376-00000-00&idtype=PID&context=1516831)

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92. [*Register of Commission documents: RAP East2017-part 1-SUM EN: Commission Implementing Decision on the Neighbourhood East Regional Action Programme 2017 Part I (including 1 action on budget 2018 and 2019), to be financed from the general budget of the European Union Document date: 2017-09-26 COM-AC\_DR(2017)D053173-01(ANN03) Comitology - Right of scrutiny*](https://advance.lexis.com/api/document?id=urn:contentItem:5R13-MHW1-JDG9-Y0JD-00000-00&idtype=PID&context=1516831)

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93. [*Washington: DEPARTMENT OF THE INTERIOR, ENVIRONMENT, AND RELATED AGENCIES APPROPRIATIONS ACT, 2018*](https://advance.lexis.com/api/document?id=urn:contentItem:5PFY-RWN1-F0YC-N49W-00000-00&idtype=PID&context=1516831)

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94. [*Register of Commission documents: Updated version of the 2017-2020 Single Support Framework for EU support to Armenia Document date: 2017-09-26 COM-AC\_DR(2017)D052102-03 Comitology - Right of scrutiny*](https://advance.lexis.com/api/document?id=urn:contentItem:5R13-MHW1-JDG9-Y0HV-00000-00&idtype=PID&context=1516831)

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95. [*FEDERAL REGISTER: Affordable Housing Program Amendments Pages 11344 - 11390 [FR DOC # 2018-04745]*](https://advance.lexis.com/api/document?id=urn:contentItem:5RWJ-R201-F0YC-N3BD-00000-00&idtype=PID&context=1516831)

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96. [*Address of President of Kazakhstan : New possibilities of development in conditions of fourth industrial revolution*](https://advance.lexis.com/api/document?id=urn:contentItem:5RDD-M5T1-JDVR-020R-00000-00&idtype=PID&context=1516831)

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97. [*Rural entrepreneurship and transformation: the role of learnerships*](https://advance.lexis.com/api/document?id=urn:contentItem:5YJX-P231-DY4C-F0KF-00000-00&idtype=PID&context=1516831)

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98. [*Washington: CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2018*](https://advance.lexis.com/api/document?id=urn:contentItem:5PNP-7S21-F0YC-N55N-00000-00&idtype=PID&context=1516831)

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99. [*Register of Commission documents: Ex-post Addressing migration and forced displacement challenges in Asia and the Middle East Document date: 2018-01-16 COM-AC\_DI(2018)O055047-01 Comitology - Documents for information*](https://advance.lexis.com/api/document?id=urn:contentItem:5RJ6-PV21-JDG9-Y2N7-00000-00&idtype=PID&context=1516831)

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100. [*Washington: CHILD PROTECTION IMPROVEMENTS ACT OF 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5RJ6-PV21-JDG9-Y1KR-00000-00&idtype=PID&context=1516831)

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# [***The Partnership supports Alberta's agricultural sector***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RYR-KC11-F0K1-N4DM-00000-00&context=1516831)

M2 PressWIRE

March 27, 2018 Tuesday

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**Length:** 640 words

**Body**

March 26, 2018

Alberta's farmers, ranchers and ***producers*** are a key driver of the economy and work hard to ensure they can respond to increasing demand for their high-quality, safe products. The Canadian ***Agricultural*** Partnership is a five-year federal-provincial-territorial agreement that focuses on increasing trade, expanding markets and supporting innovative and sustainable growth in the sector while creating jobs and strengthening the middle class.

Today, Minister MacAulay, federal Minister of ***Agriculture*** and Agri-Food, and Oneil Carlier, Alberta Minister of Forestry and ***Agriculture***, announced that over the next five years the Canadian government and the Alberta government ***plan*** to invest $ 406 million to support ***strategic*** ***programs*** and activities under the Partnership.

The Partnership includes federal, provincial and territorial cost-shared ***strategic*** initiatives to ensure ***programs*** are tailored to meet regional needs.

"The Canadian ***Agricultural*** Partnership will help Alberta's farmers, ranchers and processors continue to meet the growing domestic and international demand for their high-quality, safe products. Collaboration has been at the heart of developing the Partnership and we will continue to work together to help the sector innovate, grow and prosper."Lawrence MacAulay, federal Minister of ***Agriculture*** and Agri-Food

"This agreement marks our commitment to the future of Alberta's diverse ***agricultural*** sector. ***Agriculture*** is the cornerstone of our province's economy and our largest sustainable industry. The investments made through this ***program*** will expand the capacity and efficiency of the sector, creating more jobs for Albertans and increasing our capacity to export our agri-food products to the world."Oneil Carlier, Alberta Minister of Forestry and ***Agriculture***

The ***strategic*** direction of this agreement has been the focus of numerous roundtable meetings with Alberta farmers, ranchers and representatives from the diverse agri-food and agri-processing sectors over the last few months.

"Canada Beef is supportive of the goals identified under the ***Agricultural*** Policy Framework to grow Canadian ***agricultural*** exports to $ 75 billion by 2025. The Canadian beef industry is working hard to take advantage of agreements such as CPTPP to create new opportunities for growth through trade in international markets. Canada Beef sees the Canadian ***Agricultural*** Partnership as an important collaboration between the federal and provincial governments and the beef industry that will benefit all Canadians."Francis Andres, Canada Beef President

"We are pleased to support Alberta's participation in the Canadian ***Agricultural*** Partnership. Alberta relies on irrigation for its crops and ***agricultural*** productions - the new ***programs*** will promote progressive water management practices and will contribute to a more efficient use of one of our most precious resources."Margo Redelback, Executive Director, Alberta Irrigation Projects Association

Irrigation, farm water and stewardship ***programming*** is launching in early April. Additional ***programs*** supporting Alberta's ***agricultural*** sector will be launched in the coming weeks. Specific details will be available online.Quick facts

The Canadian ***Agricultural*** Partnership, which succeeds Growing Forward 2, is a federal, provincial and territorial framework designed to strengthen the ***agriculture***, agri-food and agri-based products sector, ensuring continued innovation, growth and prosperity.

***Programs*** and activities are focused on:

- growing trade and expanding markets

- innovative and sustainable growth of the sector

- supporting diversity and a dynamic, evolving sector

As well as cost-shared ***strategic*** initiatives, the Partnership includes a complete and effective suite of business risk-management ***programs*** to help farmers manage risks that threaten the viability of their farm.

**Load-Date:** March 27, 2018

**End of Document**



[***Washington: USDA Foods Partnerships Celebrate American Agriculture***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RYR-82D1-JDG9-Y0P6-00000-00&context=1516831)

Impact News Service

March 26, 2018 Monday

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**Length:** 709 words

**Body**

Washington: US Department of ***Agriculture*** has issued the following news release:

What do apples, beef and cheese have in common? These ABCs are all favorites with children and they are all a part of the USDA Foods ***program*** thanks to collaborative partnerships between the United States Department of ***Agriculture*** (USDA) and American farmers and businesses.

In celebration of National ***Agriculture*** Day, today, we are sharing one way that the Food and Nutrition Service (FNS) provides high-quality, nutritious products to the Child Nutrition ***Programs*** through USDA Foods.

USDA-purchased foods have been finding their way to children’s lunch trays for more than 70 years. USDA has made great strides in this ***program*** over the years by increasing the variety and nutritional quality of the offerings to better meet the needs of schools districts across the country. “Buy American” is a guiding tenet of school meal ***programs***, and USDA Foods inherently support this requirement.

USDA Foods are required to be 100 percent American-grown and ***produced***. USDA Foods support American ***agriculture*** and industry while enhancing school meals by providing the nutritious foods kids need, including a variety of fresh, frozen, canned and dried fruits and vegetables; whole grain and whole grain-rich options; proteins including lean meats, poultry, fish and legumes; and dairy.

States and school districts can choose from more than 200 options, which have been reformulated in recent years to reduce sodium, sugar, and fat, and incorporate USDA Foods into their menus alongside commercial products. On a given day, USDA Foods comprise about 15 to 20 percent of the food on a lunch tray and in fiscal year 2017, USDA purchased more than $1.6 billion of food for child nutrition ***programs***.

“The National School Lunch ***Program*** represents one of our primary selling channels, a key focus for our growth as we provide nutritious products that support school foodservice ***programs*** and feed students throughout the country,” explained Scott Tomes, Chief Revenue Officer for Bongards Creameries, a small business dairy co-op founded in 1908 and based in Minnesota that has been partnering with the government for more than 70 years. “The USDA Foods ***program*** ensures that our students are provided healthy, nutritious, cost-effective meals, while ensuring the sourcing of those foods supports American farmers and ***producers***.”

JTM Food Group, a family-owned and operated corporation based in Ohio, entered the USDA Foods in Schools ***program*** in 1992 thanks to a business opportunity from Indianapolis Public Schools. The school district was looking to provide students with pork BBQ using USDA Foods pork.

“JTM has always been proud to partner with USDA to ***produce*** products that are on trend and in high demand. We are experiencing the most incredible growth in our 44 year history, having just completed construction of a new robotic distribution center and 275,000 square foot production facility – with room for additional growth. Our ***strategic*** ***plan*** will provide employment to a significant number of additional jobs over the next 10 years,” said JTM’s Director of Education Sales, Carole Erb.

In addition to providing USDA Foods for the Child Nutrition ***Programs***, USDA procures food from domestic ***producers*** for the Emergency Food Assistance ***Program*** (TEFAP), Commodity Supplemental Food ***Program*** (CSFP), Food Distribution ***Program*** on Indian Reservations (FDPIR) and food for use during disasters. The USDA contracts with several hundred companies across the nation to provide the variety and types of foods that can meet the needs of the populations served by all of these ***programs***. Foods range from traditional foods for FDPIR (bison, wild rice) to fresh apples for schools and hot cereal for CSFP.

While forming partnerships with American businesses, the USDA Foods ***program*** itself is a partnership between two USDA agencies: the ***Agricultural*** Marketing Service (AMS) and the Food and Nutrition Service (FNS). AMS purchases products through a competitive process among approved vendors, while FNS works with state agencies to distribute the food.

USDA is grateful for vendors who are committed to providing quality American grown products to help feed schoolchildren from Alaska to the U.S Virgin Islands.

**Load-Date:** March 27, 2018

**End of Document**



[***-Continental Gold Launches Future Harvest Agricultural Program in Western Antioquia***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PDX-F4D1-F0K1-N36G-00000-00&context=1516831)

ENP Newswire

September 7, 2017 Thursday

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**Length:** 1086 words

**Body**

TORONTO, ON - Continental Gold Inc. (TSX: CNL) (OTCQX: CGOOF) ('Continental' or the 'Company') is pleased to announce that, as part of its sustainability strategy, it has launched Future Harvest, a ***program*** to support the ***agricultural*** development of western Antioquia.

The ***program*** promotes use of the best ***agricultural*** practices to help develop sustainable economic activity in the region, while protecting the environment.

Future Harvest is projected to directly benefit the communities of Buritica, Santa Fe de Antioquia, Giraldo and Canasgordas which are all in the Company's direct area of influence; Continental Gold intends to contribute approximately US$ 370,000 of the total ***program*** investment of US$ 518,000 and Seven business ***plans*** are prioritized to use the best ***agricultural*** practices to protect ecosystems.

Future Harvest is expected to improve ***agricultural*** production in the municipalities of western Antioquia, within the area of influence of the Company's Buritica mining project, through the creation of public and private alliances and funding for the development of sustainable ***agriculture*** initiatives.

To ensure the long-term sustainability of the ***program***, Continental created the Future Harvest ***agricultural*** fund for the exclusive benefit of farmers. The ***program*** has initially allied with 14 private and public entities to provide solid support for this important ***program*** for the development of western Antioquia. Continental ***plans*** to contribute 1,112 million pesos (US$ 370,000) of the total ***program*** investment of 1,554 million pesos (US$ 518,000) to advance the implementation of a self-sufficient sustainability strategy with productive ***agricultural*** business ***plans*** in the communities of Buritica, Canasgordas, Giraldo and Santa Fe de Antioquia.

The first seven business ***plans*** funded under Future Harvest include ***programs*** for cultivating coffee, plantains, poultry, garden ***produce***, strawberries, as well as fish farming and fiber production. Each business ***plan*** was structured with the communities and local and regional institutions, taking into account local productive capacities, soil productivity and quality and other variables, while promoting efficient water resource management and the use of best ***agricultural*** practices to balance development with protecting ecosystems. Each business ***plan*** also features the development of an integrated rural ***program***, ongoing training and the transfer of productive assets, as well as providing access to savings ***programs*** and support regarding consumption, which have been proven to result in significant and lasting improvements on the quality of life.

Continental recently presented the Future Harvest ***agricultural*** development ***program*** in the Buritica municipality with mayors from the four involved communities in the region as well as the public, private and educational entities supporting it. Comments from the mayors included:

Humberto Castano, Mayor of Buritica: 'Through responsible, legal and organized mining, we can generate income to transform our land. With Future Harvest, on the day mining operations finish, we can guarantee that there will be sustainable economic activity in the municipality.'

Margarita Lopera, Mayor of Canasgordas: 'We are sad that other municipalities in Colombia say NO to mining, because they have not seen what is happening in western Antioquia where there has been a great change. Getting to this point has not been easy but, thanks to public order and institutionalism, we are seeing results that benefit four municipalities.'

Saulo Armando Rivera, Mayor of Santa Fe de Antioquia: 'The mayors of the region are ready to form ***strategic*** alliances with Continental for their territories. There is going to be a lot of employment here and, as municipalities, we need to organize.'

Wilmar Adrian Manco, Mayor of Giraldo: 'It is beautiful to know that mining is considered an ally by farmers. Continental's Future Harvest is contributing to moving our farmers forward. We believe that this mining project will generate a lot of development.'

About Continental Gold

Continental Gold Inc. is an advanced-stage exploration and development company with an extensive portfolio of 100%-owned gold projects in Colombia. Formed in April 2007, the Company - led by an international management team with a successful track record of discovering and developing large high-grade gold deposits in Latin America - is focused on advancing its fully-permitted high-grade Buritica gold project to production with first gold pour on track for early 2020.

Forward-Looking Statements

This news release contains or refers to forward-looking information under Canadian securities legislation, including statements regarding ***plans*** for and results of the Future Harvest ***program*** and future ***plans*** and objectives of the Company, and is based on current expectations that involve a number of significant business risks and uncertainties. Forward-looking statements are subject to other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, an inability to advance the Buritica project to the next level, failure to convert estimated mineral resources to reserves, capital and operating costs varying significantly from estimates, the preliminary nature of metallurgical test results, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, political risks, uncertainties relating to the availability and costs of financing needed in the future, changes in equity markets, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and the other risks involved in the mineral exploration and development industry. Specific reference is made to the most recent Annual Information Form on file with Canadian provincial securities regulatory authorities for a discussion of some of the factors underlying forward-looking statements. All of the forward-looking statements made in this news release are qualified by these cautionary statements, and are made as of the date hereof. The Company assumes no responsibility to update them or revise them to reflect new events or circumstances other than as required by law.

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[Editorial queries for this story should be sent to [*newswire@enpublishing.co.uk*](mailto:newswire@enpublishing.co.uk) ]

**Load-Date:** September 7, 2017

**End of Document**



[***Programme looks to draw more youth into agribusiness***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S2R-VM91-F17J-S0C4-00000-00&context=1516831)

Asia News Network

January 16, 2018 Tuesday

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**Length:** 331 words

**Byline:** Rokiah Mahmud

**Body**

This was highlighted by Hajah Aidah binti Haji Mohd Hanifah, the Director of ***Agriculture*** and Agrifood at the Ministry of Primary Resources and Tourism (MPRT) yesterday during her speech at the opening of the ***programme*** at the Rimba Horticulture Centre, Gadong.

Hajah Aidah said that the ***programme*** is one of the initiatives by the Department of ***Agriculture*** and Agrifood in support of its 2016 - 2020 ***strategic*** ***plans***.

The ***programme***, she added, seeks to encourage more entrepreneurs to venture into the ***agriculture*** field behind the reasoning that the sector has the potential to be very lucrative, especially if contract farming is employed, where modern high-tech systems - capable of improving ***agricultural*** output - are utilised.

"Hopefully through the ***programme*** we can attract more youth to venture into ***agriculture***…those that are more committed, progressive and productive towards increasing the country’s Gross Domestic Products (GDP)," Hajah Aidah said.

The ***programme***, which runs until January 18, will expose participants to modern technology used in contract farming, investment opportunities in the ***agriculture*** industry, as well as an ***agricultural*** enterprise financial simulation.

The day also included a briefing by representatives of Syarikat Gropoint - a company that will purchase crops ***produced*** in this contract farming ***programme***.

During the ***programme***, the entrepreneur participants will be required to set aside a sum of capital and begin farming selected crops or vegetables according to the prescribed quality standards. Syarikat Gropoint will then purchase and market their ***produce*** at harvest time.

The ***programme*** is divided into two sessions: a briefing and site visits to a number of ***agricultural*** farms including Ameenfarm Agrotech and Trading, RZ Prisma Enterprise, Syarikat Econadi Agrobiz, DD Agrobiz, and Kanglin Hydroponics Farming.

Minister of Primary Resources and Tourism Dato Seri Setia Awang Haji Ali bin Haji Apong was also in attendance.

**Source:** Borneo Bulletin (Brunei)

**Graphic**

Minister of Primary Resources and Tourism Dato Seri Setia Awang Haji Ali bin Haji Apong in conversation with participants

**Load-Date:** May 11, 2018

**End of Document**



[***Prairie Mining Limited September 2017 Quarterly Report***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PVJ-4131-JCXB-2482-00000-00&context=1516831)

London Stock Exchange Aggregated Regulatory News Service (ARNS)

October 31, 2017 Tuesday 7:00 AM GMT

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**Length:** 1633 words

**Body**

RNS Number : 0630V

Prairie Mining Limited

31 October 2017

PRAIRIE MINING LIMITED

NEWS RELEASE | 31 October 2017

SEPTEMBER 2017 QUARTERLY REPORT

HIGHLIGHTS

Debiensko Mine (Premium Hard Coking Coal)

Geo-technical Drill ***Program*** Underway

-- In preparation for the upcoming next phase of project studies, a shallow geo-technical drill ***program*** was completed at Debiensko during the quarter.

-- Results will be used for detailed design and engineering of surface structures associated with the shafts, coal handling and preparation plant and other surface facilities during the upcoming feasibility study.

Mine Site Redevelopment ***Program*** Update

-- Focus during the quarter has been on ***planning*** the mine site's redevelopment ***program***, including:

Ø preparation for an in-fill drill ***program*** to increase JORC Measured and Indicated resources to support future feasibility studies;

Ø initial demolition works; and

Ø pre-qualification of study contractors.

Offtake Discussions Advance

-- Prairie continued discussions with regional steel makers and coke ***producers*** for future coking coal sales and offtake.

-- Highly favourable market fundamentals remain prominent as Europe's steel industry continues to consume 47 Mt of hard coking coal annually, 85% of which is imported.

Jan Karski Mine (Semi-Soft Coking Coal)

Transformational Coking Coal Quality Results

-- Coal quality results from latest drilling have transformed Jan Karski into a high-value ultra-low ash semi-soft coking coal project.

-- Updated marketing and coal sales strategies have begun in the quarter following Prairie's latest successful drilling results with Jan Karski's semi-soft coking coal product expected to attract a 10% premium to international benchmark prices. Marketing and coal sales are strategies to be used in preliminary offtake discussions between Prairie and steel makers.

China Coal Studies Near Completion

-- China Coal's studies for the development of the Jan Karski Mine have significantly advanced and will incorporate the coal quality results from the latest drilling at Jan Karski. Studies are due to be finalised in the coming months.

-- Under the ***Strategic*** Co-operation Agreement between Prairie and China Coal, the studies will support China Coal's EPC contract to construct the Jan Karski Mine and will underpin a Chinese bank financing package.

Jan Karski Most Advanced Coking Coal Project in Northern Hemisphere

-- Spatial development ***plan*** approved at Jan Karski meaning the rezoning of 56 hectares of ***agricultural*** land for industrial use is complete allowing for construction of a mine site, shafts and associated surface infrastructure.

-- Prairie remains on track to submit a Mining Concession application for Jan Karski in the coming months following submission of the Environmental and Social Impact Assessment during October 2017.

Robust Coking Coal Fundamentals

Strong Price Environment Continues

-- Coking coal price environment has remained strong throughout the quarter attributed to strong cash margins of Chinese steel mills, production cuts by some Chinese miners, and production disruptions in Australia.

Coking Coal Reconfirmed as a Critical Raw Material for Europe

-- In Europe, coking coal remains on the European Commission's 2017 revised list of Critical Raw Materials as European steel makers - including the newly-formed ThyssenKrupp Tata Steel Joint Venture - look to supply a changing automobile industry and numerous infrastructure ***programs***.

o Increasing demand for ultra-low emission vehicles is expected to drive growth in steel supply to the European automobile industry - almost 0.5 tonnes of coking coal are required to ***produce*** the structural, electrical and plated steel for each electric car.

o UK infrastructure projects including the High Speed 2 Rail Line and the construction of the Hinkley Point C Nuclear Power Station are expected to use over 3 million tonnes of steel - equivalent to 375 London Olympic Stadiums.

o According to BHP Billiton, China's Belt and Road Initiative to advance globalisation and trading - and which includes several European countries including Poland - could result in up to 150 million tonnes of incremental steel demand.

-- Prairie's two large-scale Tier One assets are ideally positioned to supply coking coal to meet Europe's steel demand in the future.

Corporate

-- Prairie and CD Capital completed an additional investment of US$2.0 million (A$2.6 million) in the form of non-redeemable, non-interest-bearing convertible loan notes.

-- Prairie has cash reserves of A$17 million. With CD Capital's right to invest a further A$55 million as a cornerstone investor, plus with the ***Strategic*** Co-operation Agreement Prairie has with China Coal for financing and construction of Jan Karski, Prairie is in a strong financial position to progress with its ***planned*** development activities at Debiensko and Jan Karski.

Ben Stoikovich, Chief Executive Officer commented "Following coal quality testing that demonstrated premium quality ultra-low ash semi-soft coking coal at Jan Karski, it is clear that we hold one of the most advanced coking coal projects of significant scale in the Northern Hemisphere. Alongside our partner China Coal, we are nearing completion of all requisite studies required to facilitate already advanced discussions with Chinese debt providers. Jan Karski's development will provide substantial economic and social benefits for Eastern Poland and we look forward to submitting our Mining Concession application shortly. At Debiensko, we continue works in order to restart the mine at a time when long term coking coal supply has become increasingly important to the European steel industry."

For further information, please contact:

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Ben Stoikovich, Chief [*info@pdz.com.au*](mailto:info@pdz.com.au)

Executive Officer

Sapan Ghai, Head of

Corporate Development

Debiensko MINE

The Debiensko Mine ("Debiensko") is a fully permitted, hard coking coal project located in the Upper Silesian Coal Basin in the south west of the Republic of Poland. It is approximately 40 km from the city of Katowice and 40 km from the Czech Republic.

Debiensko is bordered by the Knurow-Szczyglowice Mine in the north west and the Budryk Mine in the north east, both owned and operated by Jastrz bska Spó ka W glowa SA ("JSW"), Europe's leading ***producer*** of hard coking coal.

The Debiensko mine was originally opened in 1898 and was operated by various Polish mining companies until 2000 when mining operations were terminated due to a major government led restructuring of the coal sector caused by a downturn in global coal prices. In early 2006 New World Resources Plc ("NWR") acquired Debiensko and commenced ***planning*** for Debiensko to comply with Polish mining standards, with the aim of accessing and mining hard coking coal seams. In 2008, the Minister of Environment of Poland ("MoE") granted a 50-year mine license for Debiensko.

In October 2016, Prairie ("Prairie" or "Company") acquired Debiensko with a view that a revised development approach would potentially allow for the early mining of profitable premium hard coking coal seams, whilst minimising upfront capital costs. Prairie has proven expertise in defining commercially robust projects and applying international standards in Poland. The fact that Debiensko is a former operating mine and its proximity to two neighbouring coking coal ***producers*** in the same geological setting, reaffirms the significant potential to successfully bring Debiensko back into operation.

Premium Quality Hard Coking Coal

Preliminary analysis indicates that a range of premium hard coking coals that will be in high demand from European steelmakers can be ***produced*** from Debiensko. This analysis is based on historical data, neigbouring operational coking coal mines and the results of a suite of modern coking tests performed on selected seams from a fully cored borehole drilled by the previous owners in 2015/16. Two premium hard coking coal specifications have been delineated from select seams at Debiensko, namely Medium volatile matter hard coking coal ("Mid-vol HCC") and Low volatile matter hard coking coal ("Low-vol HCC"). Future study phases will determine the precise Debiensko premium hard coking coal quality specification on a year by year basis depending on final adopted mine ***plan***, mining schedule and extent of coal blending.

Both Debiensko's Mid-vol and Low-vol HCC lie within the range of premium hard coking coals ***produced*** globally. Indications are that the Mid-vol HCC at Debiensko is present between 850 m to 1,000 m from surface and the Low-vol HCC is present 1,000 m to 1,300 m below surface i.e. at depths similar to adjacent operating mines owned by JSW - the largest coking coal ***producer*** in Europe.

Preparation for the Next Phase of Project Studies

Drilling of 28 shallow geo-technical holes completed during the quarter. Information from the drill holes will be used for engineering design of foundations for structures associated with the shafts, coal handling and preparation plant ("CHPP") and other surface facilities. These holes are essential in order to assess the soil conditions, properly design structural foundations and thus provide more accurate pricing in the tenders as required for a feasibility study.

Pre-qualification of contractors for the major components of the next phase of Debiensko studies commenced during the quarter including:

-- Drilling contractors for the ***planned*** in-fill drilling ***program*** (to update measured and indicated resources);

-- CHPP;

-- Shafts and bulk coal winder;

-- Desalination plant; and

-- Surface facilities.

The tender process for construction of the desalination plant is now underway with final specifications near completion.

**Load-Date:** October 31, 2017

**End of Document**



[***Mahindra Automotive North America Announces Third Round Of Urban Agriculture Grants Totaling $100,000 To Six Non-Profits***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P4T-0BK1-F11P-X42R-00000-00&context=1516831)

Automotive Monitor Worldwide

July 31, 2017 Monday

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**Length:** 773 words

**Body**

Now in its third year, the Mahindra Urban ***Agriculture*** Grant ***Program*** announced donations totaling $100,000 in funding or Mahindra farm equipment to six southeast Michigan non-profits on Thursday evening, July 27. The presentations took place at the second of three shows in the Mahindra Summer Concert Series at Lafayette Greens in downtown Detroit. These concerts build on the musical foundation laid by the Mahindra Group`s Mahindra Blues Festival in Mumbai, India, which launched in 2011 and is the largest and finest presentation of legendary blues artists in Asia.

By awarding these grants, Mahindra Automotive North America (MANA) renewed the company`s commitment to this region`s robust urban ***agriculture*** movement, as well as continued to fulfill its parent company, the Mahindra Group`s global corporate social responsibility initiatives.

Since the ***program***`s inception in 2015, Mahindra has donated a combined total of $300,000 in cash and farm equipment to ten non-profits in support of sustainable farming and gardening in Detroit. In 2017, the Mahindra Urban ***Agriculture*** Grant ***Program*** expanded to accept applications from urban ***agriculture*** ***programs*** in Pontiac.

"The progress our urban ***agriculture*** partners are making, with assistance from Mahindra`s grants, is very commendable," said Richard Haas, MANA`s President and Chief Executive Officer. "I am amazed by the innovative ideas these groups present for funding. We couldn`t be prouder of the impact the company`s support is having on accessibility to fresh, nutritious ***produce*** at affordable prices to residents within each organization`s service area."

This year`s ***program*** also marks the second grant-making collaboration between MANA and Mahindra North America (MNA), which manufactures and markets the company`s line of tractors and farm equipment in the United States and Canada.

Cleo Franklin, MNA`s CMO/Vice President of ***Strategic*** ***Planning***, said, "Through this urban ***agriculture*** grant we have the privilege of collaborating with our sister company in donating a tractor. The tractor will be put to good use in supporting a nonprofit organization`s efforts to have a positive impact on the city through their urban farming ***program***. Driving positive change is an inherent part of our company`s culture and core values, and is reflected in the good works of these organizations."

This year`s recipients and the ***programs*** the grants will support, including four that received Mahindra funding in 2015 and 2016, are listed below.

Full Circle Foundation ($7,075): to fund a summer intern employment ***program*** for developmentally disabled teens and young adults (2015 & 2016 grant recipient)

The Greening of Detroit ($20,000): to support the Build-A-Garden ***program*** that provides assistance to gardeners across the city. (2015 & 2016 grant recipient)

Keep Growing Detroit ($20,000): to install technology that will enable low-income individuals and families to use government issued EBT bridge cards to buy ***produce*** and seedlings from the Grown in Detroit ***program***. (2015 & 2016 grant recipient)

Neighbors Building Brightmoor ($22,000): to partially fund, along with Mahindra North America, the purchase of a Mahindra tractor with attachments (2015 & 2016 grant recipient)

Micah 6 Community ($8,000): to build a 2,000 square foot greenhouse at the Webster Community Center in Pontiac. (1st year recipient)

Pingree Farms ($26,010): to purchase a Mahindra tractor for use at the 13-acre farm site. (1st year recipient)

"Mahindra is committed to lifting up and celebrating the communities in which we operate," said Anand Mahindra, Chairman of the Mahindra Group. "There are few better examples of our RISE philosophy in action than the work Mahindra Automotive North America is doing in Detroit. MANA`s pioneering Urban ***Agriculture*** Grant ***Program*** continues to lift up Detroit residents by giving them access to fresh, sustainable ***produce*** and inspiring work opportunities for the underserved."

Mr. Mahindra continued, "Also, MANA`s new summer music series celebrates creative expression and community-building in the Motor City. To see these two initiatives working harmoniously is to truly know Mahindra."

An estimated 1.2 million pounds of fresh food have been grown and distributed to Detroit residents through the efforts of the groups that received Mahindra grants or equipment over the past two years. Among other outstanding results, the company`s donations supported the opening of a Garden Resource hub in Southwest Detroit, and the purchase of a delivery vehicle to support the entrepreneurial efforts of the Full Circle Foundation`s trainees at the Edible Garden. 2017 Global Data Point.

**Load-Date:** July 31, 2017

**End of Document**



[***-ALLIANCE GROWERS ANNOUNCES INITIAL ANALYST COVERAGE REPORT AND INSTITUTIONAL AWARENESS PROGRAM***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PMW-FGR1-F0K1-N2JW-00000-00&context=1516831)

ENP Newswire

October 5, 2017 Thursday

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**Length:** 1552 words

**Body**

Vancouver, B.C. - Alliance Growers Corp. (CSE: ACG; FWB: 1LA; WKN: A2DFYX) ('Alliance Growers' or the 'Company') announces that Fundamental Research Corp. ('FRC') a Vancouver, Canada based investment research company, generating and distributing research to a global audience, including, investment banks, institutional investors, as well as professional investors and relevant members of the global investment community published an initial equity analyst research report on Alliance Growers.

The independent research report dated September 28, 2017, entitled 'Alliance Growers Corp. (CSE: ACG): Cannabis Company Developing Cutting Edge Production Facility - Initiating Coverage' was written and ***produced*** by FRC's Vice-President and Head of Research, Siddharth Rajeev, B.Tech, MBA, CFA, as an independent analysis of ACG's activities and progress. Although the Company paid $ 25,000 for one year of analyst coverage, Alliance Growers does not endorse the recommendations and contents of the research report, nor does it confirm that the disclosures contained in the research report are compliant with CSE policy 5 and applicable securities regulations.

Additionally, Alliance Growers has been invited to participate in FRC's Investor Outreach - Institutional ***Program*** having met the criteria for such a ***program***. Participating in the Investor Outreach ***program*** immediately following the initiating research report puts Alliance Growers in an excellent position to advance its audience and awareness. With FRC opening an office in Europe at the end of the month, Alliance Growers anticipates taking advantage of FRC's presence at European conferences and will result in the ability to set up road shows in Europe for Alliance Growers.

Dennis Petke, Alliance Growers' President and CEO commented, 'To date, Alliance Growers has been supported primarily by retail investors but will now be exposed to a much wider audience as we open up to funds and institutional investors. Retail investors are key to develop the base of any company and appealing to institutional investors is the next level to obtain the financing we require to carry out our projects.'

Dennis Petke continues, 'Following up the initiating research report with the Investor Outreach ***Program*** with FRC, will add to our multiple financing options, targeting a higher valuation. We would like to thank the many stakeholders of Alliance Growers for their on-going support. We invite shareholders and potential new investors to watch for announcements in the coming weeks for further execution of our business ***plan*** as we close on various financing streams.'

About FRC research department

FRC's research department, headed by Sid Rajeev has covered over 300 small and micro-cap companies and 150 exempt market/private issues from a broad array of industries including Energy, Mining, Real Estate and Technology. Sid Rajeev regularly provides media commentary on the valuation of small cap stocks and industries he covers. He also manages the FRC list of Top Picks, which are the stocks under FRC's coverage which, he has the highest conviction level about. These picks have historically helped FRC to a high rating in various third-party analyst performance rankings. He is also co- author of two online courses including the very successful 'Evaluation of Junior Mining Companies for Investment Purposes' which has evolved into classroom courses, seminars, and is in demand at investment conferences across North America.

All reports on Alliance Growers prepared by analysts represent the views of such analysts and are not necessarily those of Alliance Growers. Although the Company has paid a fee to Fundamental Research Corporation to provide its independent research opinion (just as fees are paid to bond-rating agencies and auditors for their opinions), the Company is not responsible for the content, accuracy or timelines contained in an analyst's report and the fee was not dependent on the opinion provided.

About the Fundamental Research Investor Outreach - Institutional ***Program***

The Institutional Sales Associate (ISA) contacts a designated list of Brokers, Funds, High-net-worth Investors, Accredited Investors, Family Offices and their paid subscribers that downloaded the report, and will set up road shows in any city in North America or Europe as required. The ***program*** includes a customized ***plan*** of action based on Alliance Growers' needs for the next 2 to 3 months as required.

After sending the initial report, the ISA schedules meetings in the regions desired by Alliance Growers, and provides weekly status reports and calls with management. Throughout the ***program***, the ISA is constantly following up with Brokers and Institutions.

About Alliance Growers

Alliance Growers Corp is a diversified cannabis company driven by the Company's 'Four Pillars' Organization ***Plan*** - Cannabis Botany Centre, ***Strategic*** ACMPR Investments, CBD Oil Supply and Distribution, and Research and Development.

Alliance Growers has executed an agreement with Botanical Research In Motion International Inc., for a Canada Exclusive License to jointly develop and operate a 40,000 square foot facility to be the first of its kind in Western Canada to house a DNA Botany lab, extraction facility and Tissue Culture Plantlet Production facility to service the Cannabis market and ***agriculture*** market in general. The proposed Cannabis Botany Centre will grow Cannabis plantlets using proprietary tissue culture propagation, specifically the 'Chibafreen Invitro Plant Production System', which assures consistent composition and purity of each plantlet for the growers.

Further, Alliance Growers has been negotiating to obtain other exclusive Canadian distribution agreements for certain proprietary products for support of the Cannabis growing industry in addition to possible partnerships with Licensed ***Producer*** Applicants at various stages in the Health Canada License process.

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FORWARD LOOKING INFORMATION

This news release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. These statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements or information. More particularly and without limitation, the news release contains forward-looking statements and information relating to Company's corporate strategy. The forward-looking statements and information are based on certain key expectations and assumptions made by management of the Company, including, without limitation, the Company's ability to carry out its business ***plan***. Although management of the Company believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information since no assurance can be given that they will prove to be correct.

Forward-looking statements and information are provided for the purpose of providing information about the current expectations and ***plans*** of management of the Company relating to the future. Readers are cautioned that reliance on such statements and information may not be appropriate for other purposes, such as making investment decisions. Since forward-looking statements and information address future events and conditions, by their very nature they involve risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the Company's ability to identify and complete additional suitable acquisitions to further the Company's growth as well as risks associated with the medical marijuana industry in general, such as operational risks in development and production delays or changes in ***plans*** with respect to development projects or capital expenditures; the uncertainty of the capital markets; the uncertainty of receiving the required licenses, production, costs and expenses; health, safety and environmental risks; marketing and transportation; loss of markets; environmental risks; competition; incorrect assessment of the value of the potential market; ability to access sufficient capital from internal and external sources; failure to obtain required regulatory and other approvals and changes in legislation, including but not limited to tax laws and regulated regulations. Accordingly, readers should not place undue reliance on the forward-looking statements, timelines and information contained in this news release. Readers are cautioned that the foregoing list of factors is not exhaustive.

The forward-looking statements and information contained in this news release are made as of the date hereof and no undertaking is given to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws or the Canadian Securities Exchange. The forward-looking statements or information contained in this news release are expressly qualified by this cautionary statement.

[Editorial queries for this story should be sent to [*newswire@enpublishing.co.uk*](mailto:newswire@enpublishing.co.uk) ]

**Load-Date:** October 5, 2017

**End of Document**



[***FEDERAL REGISTER: Notice of Availability of Draft Scientific Assessment for Public Comment Pages 51802 - 51802 [FR DOC # 2017-24347]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PXJ-48G1-JDG9-Y1YV-00000-00&context=1516831)

Impact News Service

November 8, 2017 Wednesday

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**Length:** 889 words

**Body**

Washington: Office of the Federal Register has issued the following notice:

DEPARTMENT OF ***AGRICULTURE*** National Institute of Food and ***Agriculture*** Notice of Availability of Draft Scientific Assessment for Public Comment AGENCY: National Institute of Food and ***Agriculture***, USDA. ACTION: Notice of availability of draft scientific assessment for public comment. ----------------------------------------------------------------------- SUMMARY: The U.S Department of ***Agriculture*** (USDA) National Institute of Food and ***Agriculture*** (NIFA) is publishing this notice on behalf of the Carbon Cycle Interagency Working Group (CCIWG)/U.S Carbon Cycle Science ***Program*** and the United States Global Change Research ***Program*** (USGCRP) to announce the availability of a draft assessment, the 2nd State of the Carbon Cycle Science Report (SOCCR-2), for a 60-day public review. Collected comments will be carefully reviewed by the relevant chapter author teams.

Following revision and further review, a revised draft will undergo final Federal interagency clearance. DATES: Written comments on this notice must be received by 11:59 p.m on January 8, 2018. ADDRESSES: Once released, the draft USGCRP 2nd State of the Carbon Cycle Report can be accessed via the USGCRP Open Notices page ([*http://www.globalchange.gov/notices*](http://www.globalchange.gov/notices)) or directly at the USGCRP Review and Comment System (   [*https://review.globalchange.gov/*](https://review.globalchange.gov/)). Registration details can be found on the review site home page, and review instructions can be found on a dedicated special report page where comments from the public will be accepted electronically. Comments may be submitted only via this online mechanism. All comments received through this process will be considered by the relevant chapter authors without knowledge of the commenters' identities. When the final assessment is issued, the comments and the commenters' names, along with the authors' responses, will become part of the public record and made available on   [*http://www.globalchange.gov*](http://www.globalchange.gov) Information submitted by a commenter as part of the registration process (such as an email address) will not be disclosed publicly. Instructions: Response to this notice is voluntary. Responses to this notice may be used by the government for ***program*** ***planning*** on a non-attribution basis. USDA therefore requests that no business proprietary information or copyrighted information be submitted in response to this notice. Please note that the U.S Government will not pay for response preparation, or for the use of any information contained in the response. FOR FURTHER INFORMATION CONTACT: U.S Carbon Cycle Science ***Program***/ CCIWG/USGCRP Contact: Dr. Gyami Shrestha; email: [*gshrestha@usgcrp.gov*](mailto:gshrestha@usgcrp.gov) SUPPLEMENTARY INFORMATION: Context: The U.S Global Change Research ***Program*** (USGCRP) is mandated under the Global Change Research Act (GCRA) of 1990 to conduct a quadrennial National Climate Assessment (NCA). Under its current decadal ***strategic*** ***plan*** (   [*http://go.usa.gov/3qGU4*](http://go.usa.gov/3qGU4)), USGCRP is building sustained assessment capacity. The sustained assessment supports the Nation's ability to understand, anticipate, and respond to risks and potential impacts brought about by global environmental change. As part of the ongoing NCA process, the 2nd State of the Carbon Cycle Report (SOCCR-2) is being developed to inform the assessment. The last (3rd) NCA (2014) (NCA3:   [*http://nca2014.globalchange.gov*](http://nca2014.globalchange.gov)) and the process to develop it provided a foundation for subsequent activities and reports. The SOCCR-2 assessment provides an update to the carbon cycle science information presented in the 2014 NCA and the 2007 State of the Carbon Cycle Report, a Scientific Assessment Product (SAP 2.2) that directly informed the 2nd NCA. The SOCCR-2 assessment provides updated carbon cycle science findings and projections, and is an important input to the authors of the next quadrennial NCA, expected in 2018. The 2nd State of the Carbon Cycle Report (SOCCR-2) is a product of the U.S Global Change Research ***Program*** (USGCRP), and is organized and led by an interagency team, the Carbon Cycle Interagency Working Group. The draft assessment was written by Federal and non-Federal authors identified via an Open Call for nominations (   [*www.federalregister.gov/documents/2016/02/12/2016-02927/request-for-public-engagement-in-the-interagency-special-report-2nd-state-of-the-carbon-cycle-report*](http://www.federalregister.gov/documents/2016/02/12/2016-02927/request-for-public-engagement-in-the-interagency-special-report-2nd-state-of-the-carbon-cycle-report)). An interagency Federal Steering Committee selected authors based on their demonstrated subject matter expertise, relevant publications, and knowledge of specific topics designated in an outline included in the SOCCR-2 prospectus that can be found through a link on the SOCCR-2 (   [*https://www.carboncyclescience.us/state-carbon-cycle-report-soccr*](https://www.carboncyclescience.us/state-carbon-cycle-report-soccr). This assessment responds to the 1990 Congressional mandate to periodically ***produce*** National Climate Assessments and to assist the nation in understanding, assessing, predicting, and responding to global change. The report adheres to the Information Quality Act requirements (   [*http://www.cio.noaa.gov/services\_****programs****/info\_quality.html*](http://www.cio.noaa.gov/services_programs/info_quality.html)) for quality, transparency, and accessibility as appropriate for a Highly Influential Scientific Assessment (HISA). Done at Washington, DC, on November 3, 2017. Sonny Ramaswamy, Director, National Institute of Food and ***Agriculture***. [FR Doc. 2017-24347 Filed 11-7-17; 8:45 am] BILLING CODE 3410-22-P

**Load-Date:** November 10, 2017

**End of Document**



[***FEDERAL REGISTER: Notice of Intent To Seek Approval To Establish an Information Collection Pages 41667 - 41669 [FR DOC # 2017-18619]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PDW-MHD1-JDG9-Y1R4-00000-00&context=1516831)

Impact News Service

September 1, 2017 Friday

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**Length:** 1828 words

**Body**

Washington: Office of the Federal Register has issued the following notice:

NATIONAL SCIENCE FOUNDATION Notice of Intent To Seek Approval To Establish an Information Collection AGENCY: National Science Foundation. ACTION: Notice and request for comments. ----------------------------------------------------------------------- SUMMARY: The National Science Foundation (NSF) is announcing ***plans*** to request approval for the collection of research and development data through the Evaluation of the National Science Foundation Advanced Technological Education (ATE) ***Program*** survey. In accordance with the requirement of the Paperwork Reduction Act of 1995, we are providing opportunity for public comment on this action. After obtaining and considering public comment, NSF will prepare the submission requesting that OMB approve clearance of this collection for no longer than 3 years. DATES: Written comments on this notice must be received by October 31, 2017 to be assured of consideration. Comments received after that date will be considered to the extent practicable. FOR ADDITIONAL INFORMATION, CONTACT: Suzanne H. Plimpton, Reports Clearance Officer, National Science Foundation, 4201 Wilson Boulevard, Suite 1265, Arlington, Virginia 22230; or send email to [*splimpto@nsf.gov*](mailto:splimpto@nsf.gov) Individuals who use a telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1-800-877-8339, which is accessible 24 hours a day, 7 days a week, 365 days a year (including federal holidays). SUPPLEMENTARY INFORMATION: Comments are invited on (a) whether the proposed collection of information is necessary for the proper performance of the functions of the NSF, including whether the information shall have practical utility; (b) the accuracy of the NSF's estimate of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information on respondents, including through the use of automated collection techniques or other forms of information technology; and (d) ways to minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

Title of Collection: Evaluation of the National Science Foundation Advanced Technological Education (ATE) ***Program***. OMB Approval Number: 3145-NEW. Expiration Date of Current Approval: Not applicable. Type of Request: Intent to establish an information collection. Abstract: NSF's ATE ***program*** focuses on providing Federal funds for the education of technicians at the local, regional, and national levels in advanced technology fields (i.e , advanced manufacturing, ***agricultural*** and environmental technology, biological and chemical technology, engineering, information and security, micro/ nanotechnologies, and general advanced technological education) to expand the pool of skilled technicians and improve the competitiveness of the United States in international trade. The ***program*** supports the education of technicians in ***strategic*** advanced technology fields by establishing partnerships between academic institutions and industry and providing resources for the development of curriculum, professional development for college faculty and secondary teachers, and career pathways from secondary schools to 2-year institutions and from 2-year institutions to 4-year institutions. The ***program*** also aims to [[Page 41668]] coordinate 2-year and 4-year institutions' teacher training ***programs*** for prospective STEM educators in ***strategic*** advanced technology fields. The primary goals of the ATE ***program*** are to (1) educate highly qualified science and engineering technicians to meet workforce demands in ***strategic*** advanced technology fields; (2) improve the technical skills and general science, technology, engineering, and mathematics (STEM) preparation of these technicians and the educators who prepare them at the secondary (grades 7-12) and undergraduate levels; and (3) increase the capacity of institutions for advanced technician education. To ensure that the ATE ***program*** accomplishes its goals of ***producing*** more highly qualified science and engineering technicians and improving the skills and knowledge of educators and technicians who train them, it is important to consistently assess and improve the ***program***'s activities. Therefore, this evaluation aims to gather information on the following research questions: 1. How has ATE advanced the mission of NSF between FY 2007 and FY 2015? 2. How do individual awardees implement student-focused activities at their ATE projects/centers? 3. What are the educational outcomes of students who have participated in ATE-funded activities? 4. How do individual awardees implement faculty-focused activities at their ATE projects/centers? 5. How have ***program***-supported activities enhanced faculty and teacher knowledge/skills/networks, especially as they relate to building capacity at institutions to address workforce needs in advanced technology fields? 6. How do grantees develop partnerships with industry to support student and faculty/teacher development? 7. How have awardee partnerships with business and industry enhanced student educational training and workforce outcomes? Because of the nature of the ATE ***program*** and the type of information being sought, a mixed methods evaluation design will be employed. The evaluation will collect data using web surveys and qualitative methods (consisting of semi-structured interviews and focus groups), as well as draw on data from extant sources. The study components include: a descriptive implementation study that describes project implementation; a relational study of associations between project/center and student characteristics on student outcomes; and a comparative study using the U.S Department of Education's Integrated Postsecondary Education Data System (IPEDS) data to compare degrees and certificates conferred by non-ATE-funded institutions and ATE-funded institutions before and after receipt of funding. Approval is only sought for new data that will be collected for the study, including: [rtrif] Survey data from ATE PIs who were awarded funding between 2007 and 2015 to understand how projects and centers operate and how awards are implemented: This survey collects data on the types of ATE- supported activities students engage in, ***program*** completers, graduates in the workforce, and professional development offered to secondary and postsecondary educators. [rtrif] Survey data from faculty and teachers who directly participated in ATE-funded professional development (hereafter referred to as faculty) between 2012 and 2015 to understand the perceived impact on faculty growth: This survey asks about faculty members' participation in professional development activities, professional networks or communities of practice, and whether participation in the networks or communities improved their instruction. [rtrif] Survey data from current and former students who have directly participated in ATE-funded training activities (defined as having enrolled in technology degree or certificate ***programs*** developed as part of ATE-funded work, or worked in technology labs maintained as part of ATE-funded work, or participated in industry internships created as part of ATE-funded work) between 2012 and 2015 to understand: their reasons for participating in an ATE ***program***, the perceived value and impact of the ***program***, skills and experiences obtained, reasons for leaving the ***program*** (if applicable), interest in pursuing advanced education or occupation in advanced technology field, and educational and occupational status obtained. [rtrif] Semistructured interviews with PIs: To obtain more detail on ***program*** implementation, student recruitment and retention strategies and challenges, perceptions of professional development and training on specific outcomes, and lessons learned. [rtrif] Semistructured interviews with faculty participants: To obtain more detail on professional development activities they engaged in and which aspects were the most and least successful with regard to perceived impact of professional development on themselves and specific student outcomes. [rtrif] Virtual focus groups with current and former student participants: To describe in more detail their experiences with and perceptions of the ATE ***program***, including how they learned about the ***program***; supports and challenges to staying in/completing the ***program***; activities they engaged in; and perceived impact on their skills, goals/interests, and workforce readiness. Use of the information: The primary purpose of collecting this information is ***program*** evaluation. The data collected will enable NSF to describe ***program*** components that are implemented with ATE fundsand will be used by NSF to monitor and improve the ***program*** and assess its merit and worth. The evaluation will also inform the design of a future impact evaluation. Expected respondents: The expected respondents are up to 560 ATE PIs who have received ATE funding since 2007; 33,613 faculty members who have participated in ATE-funded professional development since 2012; and 43,763 students who have directly participated in PIs' ATE- funded work since 2012. Estimate of burden: The collection occurs once for each respondent. The total estimate for this collection is 19,622 burden hours and $578,887.41 The calculation is shown in table 1. Table 1--Estimated Burden to Survey, Interview, and Focus Group Participants ---------------------------------------------------------------------------------------------------------------- Anticipated Estimated Estimated Type of collection responses (# annual burden annual burden of persons) (in hours) (in dollars) ---------------------------------------------------------------------------------------------------------------- PI List Collection.............................................. 142 71 $2,795.27 PI Web Survey................................................... 390 130 5,118.10 Faculty Web Survey.............................................. 33,585 8,396 330,550.52 Student Web Survey.............................................. 43,707 10,927 237,552.98 [[Page 41669]] PI Semistructured Interview..................................... 28 28 1,102.36 Faculty Semistructured Interview................................ 28 14 551.18 Student Focus Group............................................. 56 56 1,217.00 ----------------------------------------------- Total....................................................... 77,936 19,622 578,887.41 ---------------------------------------------------------------------------------------------------------------- Dated: August 29, 2017. Suzanne H. Plimpton, Reports Clearance Officer, National Science Foundation. [FR Doc. 2017-18619 Filed 8-31-17; 8:45 am] BILLING CODE 7555-01-P

**Load-Date:** September 7, 2017

**End of Document**



[***FEDERAL REGISTER: Affordable Housing Program Amendments Pages 11344 - 11390 [FR DOC # 2018-04745]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RWJ-R201-F0YC-N3BD-00000-00&context=1516831)

Impact News Service

March 14, 2018 Wednesday

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**Length:** 57185 words

**Body**

Washington: Office of the Federal Register has issued the following notice:

Federal Housing Finance Agency ----------------------------------------------------------------------- 12 CFR Parts 1290 and 1291 Affordable Housing ***Program*** Amendments; Proposed Rule Federal Register / Vol. 83 , No. 50 / Wednesday, March 14, 2018 / Proposed Rules [[Page 11344]] ----------------------------------------------------------------------- FEDERAL HOUSING FINANCE AGENCY 12 CFR Parts 1290 and 1291 RIN 2590-AA83 Affordable Housing ***Program*** Amendments AGENCY: Federal Housing Finance Agency. ACTION: Proposed rule. ----------------------------------------------------------------------- SUMMARY: The Federal Housing Finance Agency (FHFA) is issuing notice and providing an opportunity for the public to comment on proposed amendments to its regulation on the Federal Home Loan Banks' (Banks) Affordable Housing ***Program*** (AHP or ***Program***). The proposed amendments would provide the Banks additional authority to allocate their AHP funds; authorize the Banks to establish special competitive funds that target specific affordable housing needs in their districts; provide the Banks authority to design and implement their own project selection scoring criteria, subject to meeting certain FHFA-prescribed outcome requirements; remove the requirement for retention agreements for owner-occupied units; further align the project monitoring requirements with those of other federal government funding ***programs***; clarify the provisions on remediating AHP noncompliance; clarify certain operational requirements; and streamline and reorganize the regulation.

DATES: Written comments must be received on or before May 14, 2018. ADDRESSES: You may submit your comments on the proposed rule, identified by regulatory information number (RIN) 2590-AA83, by any one of the following methods:  Agency Website: [*www.fhfa.gov/open-for-comment-or-input*](http://www.fhfa.gov/open-for-comment-or-input).      Federal eRulemaking Portal:   [*http://www.regulations.gov*](http://www.regulations.gov) Follow the instructions for submitting comments. If you submit your comment to the Federal eRulemaking Portal, please also send it by email to FHFA at [*RegComments@fhfa.gov*](mailto:RegComments@fhfa.gov) to ensure timely receipt by FHFA. Include the following information in the subject line of your submission: Comments/RIN 2590-AA83.      Hand Delivered/Courier: The hand delivery address is: Alfred M. Pollard, General Counsel, Attention: Comments/RIN 2590-AA83, Federal Housing Finance Agency, Eighth Floor, 400 Seventh Street SW, Washington, DC 20219. Deliver the package at the Seventh Street entrance Guard Desk, First Floor, on business days between 9 a.m and 5 p.m      U.S Mail, United Parcel Service, Federal Express, or Other Mail Service: The mailing address for comments is: Alfred M. Pollard, General Counsel, Attention: Comments/RIN 2590-AA83, Federal Housing Finance Agency, Eighth Floor, 400 Seventh Street SW, Washington, DC 20219. Please note that all mail sent to FHFA via U.S Mail is routed through a national irradiation facility, a process that may delay delivery by approximately two weeks. For any time-sensitive correspondence, please ***plan*** accordingly.

FOR FURTHER INFORMATION CONTACT: Ted Wartell, Manager, Office of Housing and Community Investment, 202-649-3157, [*ted.wartell@fhfa.gov*](mailto:ted.wartell@fhfa.gov); Marcea Barringer, Senior Policy Analyst, Office of Housing and Community Investment, 202-649-3275, [*marcea.barringer@fhfa.gov*](mailto:marcea.barringer@fhfa.gov); Marshall Adam Pecsek, Senior Counsel, Office of General Counsel, 202-649-3380, [*marshall.pecsek@fhfa.gov*](mailto:marshall.pecsek@fhfa.gov); or Sharon Like, Managing Associate General Counsel, Office of General Counsel, 202-649-3057, [*sharon.like@fhfa.gov*](mailto:sharon.like@fhfa.gov) These are not toll-free numbers. The mailing address is: Federal Housing Finance Agency, 400 Seventh Street SW, Washington, DC 20219. The telephone number for the Telecommunications Device for the Hearing Impaired is (800) 877-8339.

SUPPLEMENTARY INFORMATION:

I. Comments

    FHFA invites comments on all aspects of the proposed rule and will take all comments into consideration before issuing a final rule. A list of FHFA's requests for comments on specific issues appears in Section V. Please identify the specific request for comment to which you are responding by its request number. Copies of all comments will be posted without change, and will include any personal information you provide such as your name, address, email address, and telephone number, on the FHFA website at [*http://www.fhfa.gov*](http://www.fhfa.gov) In addition, copies of all comments received will be available for examination by the public through the electronic rulemaking docket for this proposed rule also located on the FHFA website.

II. Background

A. Overview of Current ***Program***

    The Federal Home Loan Bank Act (Bank Act) requires each Bank to establish an affordable housing ***program***, the purpose of which is to enable Bank members to provide subsidies for long-term, low- and moderate-income, owner-occupied and affordable rental housing.\1\ The Banks may provide AHP subsidies to finance: Homeownership by families with incomes at or below 80 percent of area median income (AMI); and the purchase, construction, or rehabilitation of rental housing, at least 20 percent of the units of which will be occupied by and affordable for very low-income households.\2\ ``Affordable for very low-income households'' is defined to mean that rents charged to tenants for units made available for occupancy by low-income families shall not exceed 30 percent of the adjusted income of a family whose income equals 50 percent of AMI, with adjustment for family size.\3\ FHFA's regulation implementing the Bank Act's AHP requirements is set forth at 12 CFR part 1291. ---------------------------------------------------------------------------

    \1\ 12 U.S.C 1430(j)(1).     \2\ 12 U.S.C 1430(j)(2).     \3\ 12 U.S.C 1430(j)(13)(D). ---------------------------------------------------------------------------

    The AHP has played an important role in facilitating the Banks' support of their members' efforts to meet the affordable housing needs of their communities. Between 1990 and 2016, the Banks awarded approximately $5.4 billion in AHP subsidies to assist the financing of over 827,000 housing units through two ***programs***--the Competitive Application ***Program*** and the Homeownership Set-Aside ***Program***. From 1990 to 2016, the Banks awarded approximately $4.4 billion under the Competitive Application ***Program***, assisting over 660,000 units, 71 percent of which were for very low-income households. From 1995 to 2016, the Banks awarded almost $1 billion under the Homeownership Set- Aside ***Program***, assisting the financing of approximately 167,000 owner- occupied units.\4\ AHP subsidies have proven effective in funding projects that present underwriting challenges, such as projects for the homeless and special needs populations, including persons with disabilities and the elderly. One strength of the AHP is its capacity to leverage additional public and private resources for affordable housing. For example, the AHP has been used effectively by project sponsors with a number of different federal and state funding sources, including Low-Income Housing Tax Credits (LIHTC or tax credits), an important funding source for rental housing for very low-income households. ---------------------------------------------------------------------------

    \4\ The Competitive Application ***Program*** began in 1990, and the Homeownership Set-Aside ***Program*** began in 1995. ---------------------------------------------------------------------------

B. AHP Regulatory History

    FHFA and one of its predecessor agencies, the Federal Housing Finance Board (Finance Board), have engaged in

[[Page 11345]]

numerous rulemakings over the years to revise, clarify, and streamline the AHP requirements as the ***program*** has evolved and housing markets have changed. In the early years of the ***Program***, the Finance Board designed the AHP regulation to address affordable housing needs from a national policy perspective. The regulation contained scoring criteria (referred to as ``regulatory priorities'') that represented specific housing needs existing in all of the Bank districts that the Finance Board viewed as national policy priorities. The Banks would review and forward the AHP applications to the Finance Board's Board of Directors, who would approve eligible applications in accordance with the regulation's competitive scoring system. Subsequent AHP rulemakings progressively devolved specific approval and governance authorities to the Banks in order to enhance the ability of the Banks to address specific affordable housing needs in their respective districts. Highlighted among these regulatory amendments are the following:      1995--The rule authorized the Banks to establish Homeownership Set-Aside ***Programs*** to provide grants for households purchasing or rehabilitating homes. The Finance Board increased the maximum permissible annual funding allocation for these optional ***programs*** several times after 1995.      1997--The rule transferred approval authority over the AHP applications from the Finance Board to the Banks. The rule also substantially modified the scoring system, including establishing five regulatory priorities selected by the Finance Board, and allowing the Banks greater input in selecting scoring criteria and scoring points allocations based on their district housing needs. This included authority to select ``Bank First District Priority'' scoring criteria (from a list of specific housing needs identified in the regulation) and a ``Bank Second District Priority'' scoring criterion (a specific district housing need identified by the Bank), which together accounted for a maximum of 50 scoring points out of 100. The regulation also established specific initial and long-term project monitoring requirements.      2006--The rule provided the Banks with more discretion to establish project monitoring and other requirements and authorized the use of AHP subsidies with revolving loan funds and loan pools.      2009--The rule expanded the Banks' authority to target specific affordable housing needs in their districts by allowing the Banks to identify and include multiple district housing needs under their Bank Second District Priority scoring criterion.     The AHP regulation currently authorizes the Banks to establish and administer two ***programs***: A mandatory Competitive Application ***Program***; and an optional Homeownership Set-Aside ***Program***. Each Bank generally is required to allocate annually at least 65 percent of its required annual AHP contribution to its Competitive Application ***Program***.\5\ Under the Competitive Application ***Program***, Bank members apply to the Banks for AHP subsidies on behalf of project sponsors, which are typically nonprofit affordable housing developers, but may include for- profit organizations. The regulation requires the Banks to develop and implement a Competitive Application ***Program*** scoring system subject to requirements in the regulation, which serves as a tool for evaluating and selecting the project applications that will receive a limited supply of AHP subsidies. During the 28 years that the ***Programs*** have operated, the demand for the AHP subsidies has always exceeded the amount available. In 2016, the Banks approved, on average, 43 percent of applications received. In total, the Banks awarded $283.4 million in AHP subsidies under their Competitive Application ***Programs*** in 2016 to help finance the purchase, construction, or rehabilitation of 25,530 rental and owner-occupied housing units. ---------------------------------------------------------------------------

    \5\ Where a Bank allocates the alternative maximum amount of $4.5 million to its Homeownership Set-Aside ***Program***, the Bank may allocate less than 65 percent of its total AHP funds to its Competitive Application ***Program***. ---------------------------------------------------------------------------

    The regulation also provides that each Bank may allocate annually up to the greater of $4.5 million or 35 percent of its required annual AHP contribution to fund its Homeownership Set-Aside ***Program***. Under this ***program***, members apply to the Banks for AHP subsidies, which are provided to low- or moderate-income homebuyers or homeowners for the purchase or rehabilitation of homes. In 2016, the Banks provided members a combined total of $85.5 million through their Homeownership Set-Aside ***Programs***, which assisted 13,555 low- or moderate-income homebuyers or homeowners.

C. Bank and Stakeholder Input

    In accordance with FHFA's five-year regulatory review ***plan***, FHFA published a Notice of Regulatory Review in the Federal Register in 2013 requesting comment on FHFA's existing regulations for purposes of improving their effectiveness and reducing their burden.\6\ In response, the Banks jointly submitted a letter to FHFA commenting on the AHP and other FHFA regulations.\7\ Addressing the AHP regulation, the letter argued that prescriptive, outdated, or ambiguous provisions of the regulation created inefficiencies and uncertain risk exposures, and recommended that FHFA review the regulation and consider clarifications and enhancements to further empower the Banks in the management of their ***Programs***. ---------------------------------------------------------------------------

    \6\ See 78 FR 23507 (April 19, 2013).     \7\ See Comment Letter from 12 Banks to FHFA, dated June 18, 2013. ---------------------------------------------------------------------------

    In response to the Banks' recommendations, FHFA undertook a comprehensive review of the AHP regulation, including AHP issues on which FHFA had provided regulatory guidance. To further inform the review, FHFA held a number of discussions separately or jointly with the Banks' Community Investment Officers (CIOs), the Bank Presidents' Housing Committee, leadership of the Banks' Affordable Housing Advisory Councils, and other AHP stakeholders including Bank member institutions and representatives of several national and regional nonprofit housing organizations. The Banks and stakeholders uniformly expressed support for the AHP, viewing the ***program***'s affordable housing mission favorably and acknowledging its longstanding reputation as a well-managed ***program*** and the critical role it plays in affordable housing initiatives throughout the country.     At the same time, the CIOs and stakeholders offered a number of specific recommendations to improve the operation of the AHP. The recommendations were directed largely at (1) expanding the Banks' authority to allocate their AHP funds; (2) providing the Banks authority to devise their own project selection methods, including the use of non-competitive processes; (3) clarifying the requirements for determining a project's need for AHP subsidy; (4) aligning the project monitoring requirements with those of other major funding sources; (5) clarifying the Banks' authorities to resolve project noncompliance; (6) clarifying certain operational requirements; and (7) codifying FHFA regulatory guidance in the regulation. Although a majority of the CIOs and stakeholders expressed the view that the existing regulatory requirements for scoring AHP applications limit a Bank's ability to effectively target specific housing needs within its district, others stated that the project scoring system

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provides the Banks sufficient scoring flexibility and does not need revision.     After reviewing all of the specific recommendations, FHFA determined that a number of the recommended changes are already permissible under the current regulation and, therefore, do not require regulatory amendments. A number of other recommendations are clearly impermissible under the Bank Act and, therefore, cannot be authorized in the AHP regulation without statutory amendments. The remaining recommendations generally require revisions to the AHP regulation. FHFA analyzed these recommendations to determine whether they were appropriate from a policy standpoint and consistent with the statutory requirements. FHFA also considered the impact that adopting these recommendations would have on populations in greatest need of affordable housing assistance, the AHP's reputation as a well-managed ***program***, and FHFA's ability to supervise, examine, and monitor the Banks' ***Programs***. Based on FHFA's analyses of the recommendations and its review of the ***Programs***, FHFA is proposing to amend the AHP regulation as further discussed below.     The proposed rule would authorize the Banks to develop and implement an ``outcome-based approach'' for administering their competitive application ***programs*** (the proposed General Fund and any Targeted Funds established by a Bank discussed below). This approach would differ significantly from the existing project selection scoring process, which requires Banks to allocate a majority of the points for scoring applications to several pre-determined housing needs priorities. Instead, the proposed rule would require each Bank to design and implement its own system to address specific housing needs in its district. However, the scoring system would need to result in the Bank awarding a majority of its AHP funds to certain regulatory priorities established by FHFA as well as the housing priorities specified in the Bank Act. The Banks would be required to support their reasons for choosing specific housing needs with empirical data in their Targeted Community Lending ***Plans***.     FHFA is also proposing to provide the Banks additional flexibility to allocate their total annual AHP funds. The Banks would be authorized to allocate a portion of their total annual AHP funds to a maximum of three competitive Targeted Funds that enhance the Banks' ability to target specific affordable housing needs within their districts that are unmet, have proven difficult to address through the existing Competitive Application ***Program***, or align with objectives identified in the ***strategic*** ***plans*** adopted by each Bank's board of directors. The amount each Bank could allocate to its Targeted Funds would be limited to a maximum of 40 percent of the Bank's total annual AHP funds. The Banks would be required to establish and support the need for the Targeted Funds in their Targeted Community Lending ***Plans***.     In addition, the proposed rule would increase the percentage of total annual AHP funds that the Banks could allocate to their noncompetitive Homeownership Set-Aside ***Programs***. The current regulation authorizes each Bank to allocate annually up to the greater of 35 percent of its total annual AHP funds or $4.5 million to fund its Homeownership Set-Aside ***Programs***. The proposed rule would increase the maximum allocation percentage to 40 percent, while retaining the alternate $4.5 million threshold. To account for high-cost areas and high rehabilitation costs, as well as housing price appreciation since the last time the set-aside percentage threshold was increased, the maximum set-aside grant that a Bank could provide to a household would increase from $15,000 to $22,000 and would be subject to annual increases according to FHFA's Housing Price Index.     FHFA is also proposing to further align the AHP project monitoring requirements with those of other government funding ***programs***. The proposed rule would remove certain back-up documentation requirements for the initial monitoring of AHP projects that have received LIHTC funding. It would also remove certain back-up documentation requirements for initial and long-term monitoring of AHP projects that have received funding under other federal government ***programs***, which would be specified in FHFA guidance.     FHFA is also proposing to clarify the responsibilities of the various parties in the event of AHP noncompliance.

III. Analysis of the Proposed Rule

Reorganization of Regulatory Text

    To provide greater clarity for users of the AHP regulation and to take into account the proposed new provisions, the proposed rule would reorganize the current regulation. Existing and new regulatory sections would be grouped under new Subpart headings according to similar subject matter, which would result in renumbering of most sections of the current regulation. In addition, the numbering of the sections would not be consecutive from Subpart to Subpart in order to reserve room within Subparts for the addition of new sections in the future, as necessary. Specific organizational changes are discussed below under the applicable regulatory amendments.

Subpart A--General

Proposed Sec.  1291.1 Definitions     Proposed Sec.  1291.1 would retain most of the definitions currently in Sec.  1291.1 The proposed rule would revise some of the definitions and add definitions, which are discussed below in the context of the related regulatory amendments.     In addition, the proposed rule would make the following technical changes:      A definition of ``AHP'' would be added, which means the Affordable Housing ***Program*** required to be established by the Banks pursuant to 12 U.S.C 1430(j) and this part.      The definition of ``Homeownership Set-Aside ***Program***'' would include a reference that establishment of such a ***program*** is in the Bank's discretion and is a noncompetitive ***program***.      The definition of ``net earnings of a Bank'' would be revised by removing the requirement to deduct the Bank's annual contribution to the Resolution Funding Corporation, as the Banks are no longer required to make annual contributions to the Resolution Funding Corporation.\8\ ---------------------------------------------------------------------------

    \8\ 12 U.S.C 1441b. ---------------------------------------------------------------------------

     In the definition of ``rental project,'' the term ``manufactured housing'' would be changed to ``manufactured housing communities,'' which more accurately describes this type of housing in the context of rental projects.      References to the ``competitive application ***program***'' would be changed to the General Fund and any Targeted Funds established by the Bank. References to the ``homeownership set-aside ***programs***'' would be capitalized and would highlight that they are discretionary and noncompetitive.

Subpart B--***Program*** Administration and Governance

Proposed Sec.  1291.10 Required Annual AHP Contribution     Consistent with current Sec.  1291.2(a), proposed Sec.  1291.10(a) would contain the Bank Act requirement that each Bank contribute annually to its AHP 10 percent of its net income for the preceding year, subject to a minimum annual combined contribution by all of the Banks of $100 million.\9\ ---------------------------------------------------------------------------

    \9\ See 12 U.S.C 1430(j)(5)(C).

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Proposed Sec.  1291.11 Temporary Suspension of AHP Contributions     Existing Sec.  1291.11 on the temporary suspension of AHP contributions would not be changed. Proposed Sec.  1291.12 Allocation of Required Annual AHP Contribution     Proposed Sec.  1291.12 would revise existing Sec.  1291.2(b) governing the required and permissible allocations of the Banks' required annual AHP contributions. Section 1291.2(b)(1) currently requires each Bank to allocate annually to its Competitive Application ***Program*** that portion of its required annual AHP contribution that is not set aside by the Bank to fund Homeownership Set-Aside ***Programs***. Section 1291.2(b)(2) provides that each Bank may allocate annually, in the aggregate, up to the greater of $4.5 million or 35 percent of its annual required AHP contribution to Homeownership Set-Aside ***Programs***. Therefore, a Bank generally is required to allocate at least 65 percent of its required annual AHP contribution to its Competitive Application ***Program*** depending on the amount of AHP funds it allocates, if any, to Homeownership Set-Aside ***Programs***.\10\ ---------------------------------------------------------------------------

    \10\ As noted earlier, where a Bank allocates the alternate maximum amount of $4.5 million to its Homeownership Set-Aside ***Programs***, the Bank may allocate less than 65 percent of its total AHP funds to its Competitive Application ***Program***. ---------------------------------------------------------------------------

    The proposed rule would revise the required and permissible annual maximum AHP funding allocations as follows:     (1) General Fund--A Bank must allocate annually at least 50 percent of its required annual AHP contribution to a General Fund (a mandatory competitive application ***program*** but with significant changes from the current Competitive Application ***Program***, as further discussed below);     (2) Homeownership Set-Aside ***Programs***--A Bank may allocate annually, in the aggregate, up to the greater of $4.5 million or 40 percent of its required annual AHP contribution to Homeownership Set-Aside ***Programs*** (the same optional Homeownership Set-Aside ***Programs*** as in the current regulation but with proposed changes discussed below);     (3) Targeted Funds--A Bank may allocate annually, in the aggregate, up to 40 percent of its required annual AHP contribution to a maximum of three Targeted Funds (a new type of optional competitive application ***program*** discussed below).     If a Bank chooses not to establish Homeownership Set-Aside ***Programs*** or Targeted Funds in a given year, it would allocate 100 percent of its required annual AHP contribution to its General Fund. If a Bank chooses to allocate the maximum 40 percent to Homeownership Set-Aside ***Programs***, it could allocate up to 10 percent for Targeted Funds (after allocating the required 50 percent for the General Fund). If a Bank chooses to allocate the maximum 40 percent to Targeted Funds, it could allocate up to 10 percent for Homeownership Set-Aside ***Programs*** (after allocating the required 50 percent for the General Fund).     The proposed rule would provide that a Bank's board of directors may not delegate to a committee of the board, Bank officers, or other Bank employees the responsibility for adopting the policies for its General Fund and any Targeted Funds and Homeownership Set-Aside ***Programs*** established by the Bank. The purpose of this provision is to encourage increased engagement in the AHP and increased integration of the Banks' low-income housing and community development activities and issues, as well as Advisory Council input, into the overall ***strategic*** ***planning*** of the Bank. FHFA anticipates the board committee's work to remain largely the same as it is currently, but also for the full board to have more engagement with the board committee's recommendations. The full board could still delegate limited responsibilities to the board committee for non-***strategic*** types of AHP issues that a board committee is well suited to address within the parameters of its delegation of authority, such as project modification requests for AHP subsidy increases.     The reasons for the proposed AHP funding allocations are discussed below.     Allocation to General Fund. The proposed rule would reduce the minimum percentage of a Bank's required annual AHP contribution that must be allocated annually to the General Fund to 50 percent. All projects would be eligible to apply for AHP subsidies under the General Fund, as under the current Competitive Application ***Program***. FHFA believes that the Banks should be required to continue administering a competitive application ***program*** that attracts numerous applications that address a broad array of affordable housing needs. The proposed 50 percent threshold would still ensure that at least half of the AHP funds are made available to address a broad spectrum of affordable housing needs within the Bank district, while enabling a Bank to simultaneously target additional specific affordable housing needs in its district through allocation of up to an additional 40 percent of the total AHP funds to Targeted Funds or Homeownership Set-Aside ***Programs***. FHFA considered whether to allow the Banks complete discretion regarding the allocation of their AHP funds but rejected this approach for the reasons in the discussion of proposed Sec.   1291.25 Allocation to Homeownership Set-Aside ***Programs***     Maximum permissible AHP funding allocation. FHFA is proposing to increase the maximum percentage allocation amount for the Homeownership Set-Aside ***Program*** from 35 to 40 percent, and to retain the alternative maximum allocation amount at $4.5 million.     The Homeowner Set-Aside ***Programs*** have helped expand homeownership opportunities for very low-, and low- or moderate-income households since 1995. From 1995 through 2016, the ***programs*** provided approximately $953 million in grants, supporting approximately 167,000 households. In 2016, the 11 Banks, in the aggregate, allocated approximately 27 percent of their total annual required AHP contributions to Homeownership Set-Aside ***Programs***. A number of Banks consistently allocate the maximum permissible amount of 35 percent or $4.5 million. For example, in 2016, four Banks allocated 35 percent, and one Bank allocated $4.5 million. In 2015, six Banks allocated the maximum permissible amount. FHFA considered whether to eliminate or raise the maximum permissible allocation amounts because the demand for set-aside funds has far exceeded the amount the Banks are currently authorized to allocate to these ***programs***.     Authorizing the Banks to allocate more funds to Homeownership Set- Aside ***Programs*** would enable the Banks and their members to meet more of the demand for set-aside funds and to provide more assistance to low- or moderate-income homebuyers and homeowners, including first-time homebuyers, than occurs under the Competitive Application ***Program***. The current regulation allows Banks to establish more than one Homeownership Set-Aside ***Program***. A number of Banks establish multiple Homeownership Set-Aside ***Programs*** each year to address the homeownership needs of different populations, such as military veterans or disaster victims. The proposed changes to the regulation would enable the Banks to serve even more low- or moderate-income homebuyers and homeowners.

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    The Homeownership Set-Aside ***Programs*** not only assist low- or moderate-income households by providing grants for home purchase or rehabilitation, but assist Bank members by providing them a way to access a wider customer base and originate new mortgages for low- or moderate-income households. Member participation in the ***program*** can result in new potential household customers and increased goodwill for Bank members. Members' participation in the AHP, including the Homeownership Set-Aside ***Program***, also enables them to receive favorable consideration under the federal Community Reinvestment Act. Increasing the maximum permissible percentage allocation could result in more opportunities for members to fulfill those obligations.     In addition, the lack of a competitive scoring process and minimal monitoring requirements at subsidy disbursement make the Homeownership Set-Aside ***Programs*** easy to administer and cost-effective. Further, no long-term monitoring is required because the AHP-assisted households currently are only subject to five-year retention agreements governing the sale or refinancing of the home, although determining and managing the repayments of AHP subsidies by households who sell or refinance their homes during the five-year period entails some administrative responsibilities on the Banks and members. As discussed below, FHFA is proposing to remove the requirement for retention agreements on owner- occupied units.     Increasing the maximum percentage amount for the Homeownership Set- Aside ***Program*** would enable the Banks to allocate less funds to their Competitive Application ***Programs***, resulting potentially in less funding of rental projects, which are funded under those ***programs***. However, in light of the significant demand for set-aside funds, which exceeds the current maximum percentage amount, FHFA believes that increasing this amount would be a reasonable approach to address the demand. As noted above, one of the main goals of the proposed rule is to enhance the Banks' ability to target specific housing needs in their districts through the AHP. Each Bank would weigh the specific homeownership and rental housing needs in its district and determine what the appropriate relative funding allocations should be for those needs under its AHP.     FHFA is not proposing to remove the maximum permissible allocation limits for the Homeownership Set-Aside ***Program*** because this could result in the Banks allocating all of their annual AHP funds to the Homeownership Set-Aside ***Program***, which would be contrary to the statutory intent that both homeownership and rental projects be funded. The proposed rule would continue to require that the Banks allocate the majority of their total annual AHP funds (at least 60 percent under the proposed rule) to competitive application ***programs***--the proposed General Fund and any Targeted Funds, which are likely to be targeted to more types of housing needs including rental housing. This may ensure that a significant percentage of AHP funds continue to support rental projects.\11\ FHFA believes that it is extremely important that a substantial portion of AHP funds continue to assist in the development of rental housing for lower income households given the need for more affordable rental housing throughout the nation. ---------------------------------------------------------------------------

    \11\ A Bank would be required to allocate at least 50 percent of its total annual AHP funds to its General Fund, and may allocate up to 40 percent of its total annual AHP funds to Homeownership Set- Aside ***Programs***. If the Bank allocates the maximum 40 percent to the latter ***programs***, then it has 10 percent remaining for allocation to its General Fund and any Targeted Funds. That amounts to 60 percent if only a General Fund is established, or 60 percent total for both the General Fund and any Targeted Funds established. ---------------------------------------------------------------------------

    FHFA is proposing to retain the existing alternative maximum allocation amount of $4.5 million because it has enabled smaller Banks, as well as some larger Banks with lower earnings, to provide more funds than would be permissible under the maximum percentage limit to their Homeownership Set-Aside ***Programs*** to address district housing needs. For these Banks, $4.5 million may be greater than 35 or 40 percent. FHFA analyzed the impact that a proposed increase from 35 to 40 percent would have on each Bank, using each Bank's annual total AHP funding allocations for 2016 and 2017, to determine whether revisions to the $4.5 million limit would be necessary in conjunction with the percentage increase. FHFA found that the proposed increase from 35 to 40 percent would not have altered the Banks' need for, or use of, the $4.5 million maximum during those two years. Accordingly, FHFA is not proposing an increase in the $4.5 million maximum.     One-third first-time homebuyer allocation requirement. The current regulation also requires that at least one-third of a Bank's aggregate annual funding allocation to its Homeownership Set-Aside ***Programs*** be to assist first-time homebuyers. The proposed rule would make a technical revision to clarify that the one-third allocation requirement applies to the amount of set-aside funds ``allocated'' by the Bank for first- time homebuyers, not the amount of set-aside funds actually used by them, because the Bank cannot control whether sufficient numbers of first-time homebuyers ultimately request set-aside funds in a given year. If an insufficient number of first-time homebuyers request set- aside subsidies, a Bank would not be considered in violation of the allocation requirement as long as it allocated the required amount.     In addition, the proposed rule would make a substantive revision to the one-third allocation requirement to allow the Banks to include owner-occupied rehabilitation as a permissible use within the one-third allocation. FHFA considered whether to eliminate the one-third first- time homebuyer allocation requirement, which would enable Banks, in their discretion, to provide additional set-aside funds to households for owner-occupied rehabilitation. While the Banks currently may establish specific Homeownership Set-Aside ***Programs*** for owner-occupied rehabilitation using some or all of the remaining two-thirds set-aside funding allocation, eliminating the one-third first-time homebuyer allocation would enable allocation of even more set-aside funds for owner-occupied rehabilitation. A substantial need for owner-occupied rehabilitation funds exists in many Bank districts, and demand is likely to increase as the country's population ages.\12\ Expanding the scope of the one-third allocation requirement to include owner-occupied rehabilitation could facilitate additional funding for home repairs and accessibility modifications for households including the elderly, persons with disabilities, and military veterans. ---------------------------------------------------------------------------

    \12\ Housing America's Older Adults, Harvard Joint Center for Housing Studies, September 2, 2014. [*http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs-housing\_americas\_older\_adults\_2014-ch4.pdf*](http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs-housing_americas_older_adults_2014-ch4.pdf) ---------------------------------------------------------------------------

    While FHFA recognizes the substantial need for more funds for owner-occupied rehabilitation for low- or moderate-income households, it is also important that all Banks continue to support the entry of first-time homebuyers into the homeownership market. The national homeownership rate has fallen from its peak of 69.2 percent at the end of 2004 to 63.9 percent as of September 30, 2017.\13\ The

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significant need for funding for first-time homebuyers is demonstrated by the fact that the Banks consistently have exceeded the one-third allocation requirement for first-time homebuyers since 1995, the year Homeownership Set-Aside ***Programs*** were first authorized by regulation. The 11 Banks have provided more than 80 percent of their set-aside funds each year to first-time homebuyers. In 2016, approximately 90 percent of the households receiving set-aside funds were first-time homebuyers. ---------------------------------------------------------------------------

    \13\ Quarterly Residential Vacancies and Homeownership, Third Quarter 2017, October 31, 2017, U.S Census Bureau. [*https://www.census.gov/housing/hvs/files/currenthvspress.pdf*](https://www.census.gov/housing/hvs/files/currenthvspress.pdf) ---------------------------------------------------------------------------

    Accordingly, rather than eliminating the one-third first-time homebuyer allocation requirement, the proposed rule would expand the scope of the requirement to include households for owner-occupied rehabilitation. While the proposed change could allow a Bank to allocate its entire one-third allocation to households for owner- occupied rehabilitation, FHFA believes this is highly unlikely in light of the Banks' record of allocating most of their set-aside funds to first-time homebuyers. Notably, in 2016, the Banks allocated only 10 percent of their total set-aside funds for owner-occupied rehabilitation. The proposed change could encourage Banks to increase their set-aside funding allocations for owner-occupied rehabilitation, while continuing their support for first-time homebuyers.     The proposed rule would also provide that a Bank's board of directors may not delegate to a committee of the board the responsibility for adopting its Homeownership Set-Aside ***Program*** policies, for the reasons discussed earlier.     Allocation to Targeted Funds. Proposed Sec.  1291.12(c)(1) would provide the Banks with a new authority to allocate annually, in the aggregate, up to 40 percent of a Bank's required annual AHP contribution to a maximum of three Targeted Funds established by the Bank. Targeted Funds would be administered through a competitive application scoring process developed by each Bank, pursuant to the requirements in proposed Sec.  1291.25 The purpose of the Targeted Funds is to enable a Bank to target specific affordable housing needs within its district that are either unmet, have proven difficult to address through the existing Competitive Application ***Program***, or align with objectives identified in the Bank's ***strategic*** ***plan***. Proposed Sec.   1291.12(c)(2) would require the Banks to transfer any uncommitted Targeted Fund amounts to the General Fund for awards to alternates in the General Fund in the same calendar year.     Permitting the Banks to establish Targeted Funds would help address challenges the Banks experience when trying to target specific affordable housing needs within their districts, especially in a single AHP funding period. Banks report that the existing regulatory scoring requirements can affect their efforts to fully address affordable housing needs within their districts. For example, Banks have indicated that they would like greater ability to target the affordable housing needs of specific geographic areas or populations, or to act in response to a disaster. The use of Targeted Funds focused on a specific geographic area or population or in response to a disaster could serve this purpose.     FHFA's regulations require each Bank's board of directors to adopt a ***strategic*** business ***plan*** that describes how its business activities will achieve its mission. The regulations require that each ***plan*** describe how the Bank will maximize activities that further the Bank's housing finance and community lending mission.\14\ The Banks would be able to use Targeted Funds to improve their ability to address their ***strategic*** objectives related to affordable housing. ---------------------------------------------------------------------------

    \14\ 12 CFR 1239.31 ---------------------------------------------------------------------------

    The current regulation already provides the Banks a degree of flexibility to address multiple housing priorities within a given AHP funding period. The Banks can allocate up to 50 points out of a total of 100 under the Bank First and Second District Priorities to emphasize multiple housing needs in their districts. However, some Banks have indicated that they find it difficult to allocate points, test, adjust, and balance the different scoring criteria in a manner that enables them to award subsidies to multiple housing priorities in the same funding period. Establishing a Targeted Fund with a dedicated funding allocation, for example, to a particular housing need, would guarantee that projects serving that housing need receive awards pursuant to the competitive process under that Fund, while other projects would receive awards under the competitive General Fund, thereby serving multiple housing needs in the same funding period.     FHFA believes that the use of Targeted Funds would be appropriate provided they are operated pursuant to a competitive scoring process to ensure a transparent and objective process for awarding funds. FHFA also believes that limitations should be imposed on the size of the Targeted Funds to ensure that funds continue to be available to address a broad spectrum of affordable housing needs within each district under the General Fund. Accordingly, the proposed rule would authorize each Bank to allocate annually up to 40 percent of its total annual AHP funds to Targeted Funds subject to a phase-in period.     FHFA is mindful that the use of Targeted Funds could introduce new risks to the Banks given the targeted nature of each Fund. Proposed Sec.  1291.20(c)(1) would require the Banks adopt and implement controls for ensuring that each Targeted Fund is designed to receive sufficient numbers of applicants for the amount of AHP funds allocated to the Targeted Fund to facilitate a genuinely competitive scoring process so that specific project sponsors or members are not specially advantaged. To further address the potential new risks, proposed Sec.   1291.20(b) would authorize each Bank to establish initially only one Targeted Fund, but would enable the Bank to increase the number of its Targeted Funds to a maximum of three pursuant to a phase-in period. In addition, as provided in proposed Sec.  1291.13(a) and (b), a Bank would not be allowed to establish or administer a Targeted Fund unless at least 12 months have passed since the publication of the Targeted Community Lending ***Plan*** and the Bank identifies in the ***Plan*** the affordable housing needs to be addressed by that Targeted Fund. This advance notice would help ensure that the Targeted Fund is designed in an open and objective manner to generate sufficient interest for holding a competitive scoring funding round. The advance notice also may serve to encourage potential sponsors to consider developing projects that address the affordable housing needs set by the Targeted Fund and submit applications to the Fund.     Although FHFA is not proposing that the Banks' Targeted Community Lending ***Plans*** be subject to approval by FHFA, FHFA may request that the Banks submit an advance copy to FHFA before releasing it to the public. This would provide FHFA an opportunity to review the ***Plans*** and provide comments as needed, particularly in the initial years of the Funds. Proposed Sec.  1290.6(c) would also require that the Targeted Community Lending ***Plans*** be published on the Banks' public websites, consistent with current practice at most Banks.     The Banks would identify in their Targeted Community Lending ***Plans*** the specific affordable housing needs, supported by empirical data, that the Targeted Funds will address. The Banks' AHP Implementation ***Plans*** would describe how the Targeted Funds will address these housing needs

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through the specific funding allocations and scoring criteria.     FHFA specifically requests comments on the benefits and risks of allowing the Banks to establish Targeted Funds. FHFA also requests comments on whether the proposed allocation of 40 percent of total annual AHP funds to Targeted Funds is an appropriate percentage, or whether the percentage should be higher or lower.     Acceleration of funding. Current Sec.  1291.2(b)(3) containing the discretionary authority for a Bank to accelerate future required annual AHP contributions to its current year's ***Program*** would move unchanged to proposed Sec.  1291.12(d) except for certain clarifying technical edits. Proposed Sec.  1291.13 Targeted Community Lending ***Plan***; AHP Implementation ***Plan***     Targeted Community Lending ***Plan***. The Banks' boards of directors currently are required to adopt Targeted Community Lending ***Plans*** as part of their community support ***programs*** under FHFA's Community Support regulation. These ***Plans*** are focused largely on targeted economic development needs in the Banks' districts. As discussed, the proposed rule would amend Sec.  1290.6(a)(5) of the Community Support regulation \15\ to require the Banks to include in their ***Plans*** market research on affordable housing needs in their districts, and their identification and assessment of those affordable housing needs that are significant. The Banks would be required to specify, from among those identified needs, the affordable housing needs they will address through their funding allocations and scoring criteria under their General Funds and any Bank Targeted Funds and Homeownership Set-Aside ***Programs***, as further discussed under the AHP Implementation ***Plans*** below. The identified needs to be addressed through the Banks' General Funds and Homeownership Set-Aside ***Programs*** must be included in their Targeted Community Lending ***Plans*** at least six months before the beginning of the ***Plan*** year. ---------------------------------------------------------------------------

    \15\ See 12 CFR 1290.6(a)(5). ---------------------------------------------------------------------------

    In addition, the proposed rule would amend the Community Support regulation to provide that a Bank's board of directors may not delegate to a committee of the board, Bank officers, or other Bank employees the responsibility to adopt or amend the Targeted Community Lending ***Plan*** as previously discussed.     The proposed rule would also make technical changes to the language in Sec.  1290.6(a)(5) to clarify the ***Plan*** requirements.     The proposed changes discussed above would ensure that the Targeted Community Lending ***Plans*** are results-oriented and useful to FHFA in assessing the Banks' progress towards addressing the housing challenges of low- or moderate-income households in their districts. The proposed changes would increase the emphasis on accountability and results in the Targeted Community Lending ***Plans***.     FHFA specifically requests comments on the benefits of the proposed expansion of the contents of the Targeted Community Lending ***Plans*** and their linkage to the AHP Implementation ***Plans***. In addition, FHFA requests comments on whether the proposed expansion of the contents of the Targeted Community Lending ***Plans*** will impede the Banks' ability to respond to disasters through the AHP. AHP Implementation ***Plan***     Requirements for each Fund. The current provision containing the requirements for the Banks' AHP Implementation ***Plans*** would move from Sec.  1291.3 to proposed Sec.  1291.13(b). Currently, each Bank must include in its AHP Implementation ***Plan*** its requirements for its Competitive Application ***Program***, including its scoring methodology, and any Homeownership Set-Aside ***Programs***. The proposed rule would require a Bank to include those requirements in its AHP Implementation ***Plan*** for its General Fund and any Targeted Funds established by the Bank. For a Targeted Fund, a Bank would also be required to include in its AHP Implementation ***Plan*** controls that ensure the Targeted Fund is designed to receive sufficient numbers of applicants for the amount of AHP funds allocated to the Fund to facilitate a genuinely competitive scoring process, as required in Sec.  1291.20(c)(1).     Linkage to Targeted Community Lending ***Plan***. The proposed rule would require that a Bank include in its AHP Implementation ***Plan*** the specific funding allocation amounts for its General Fund and any Bank Targeted Funds and Homeownership Set-Aside ***Program***, including how the one-third allocation for the Homeownership Set-Aside ***Program*** will be apportioned with respect to first-time homebuyers and households for owner-occupied rehabilitation. The Banks' scoring criteria for each Fund must flow logically from the analyses and identified housing needs in the Banks' Targeted Community Lending ***Plans***, which should lead ultimately to AHP awards meeting those housing needs.     Applications to multiple Funds. The proposed rule would require a Bank to include in its AHP Implementation ***Plan*** the Bank's policy on how it will decide under which Fund to approve a project that applies to more than one Fund and is competitive under all of them, pursuant to Sec.  1291.24(d).     Optional Bank district eligibility requirements. Consistent with the existing requirement in Sec.  1291.5(c)(15), the proposed rule would also provide in the AHP Implementation ***Plan*** section of the regulation (proposed Sec.  1291.13(b)(7)) that a Bank must include in its AHP Implementation ***Plan*** any optional Bank district eligibility requirements adopted by the Bank pursuant to proposed Sec.  1291.24(c).     Re-use of repaid AHP direct subsidy. The requirement in current Sec.  1291.3(a)(7) for a Bank to include in its AHP Implementation ***Plan*** its requirements for re-use of repaid AHP direct subsidy, if adopted by the Bank pursuant to current Sec.  1291.8(f)(2), would be removed. Repayment of subsidy under Sec.  1291.8(f)(2) depends upon an AHP- assisted household selling its home during the AHP five-year retention period, as required under the AHP owner-occupied retention agreement. As elaborated below under the Agreements section, FHFA is proposing to remove the owner-occupied retention agreement requirement. Therefore, there would be no repayment of subsidy by the household and Sec.   1291.8(f)(2) would become moot.     Retention agreements. As noted above, because FHFA is proposing to remove the owner-occupied retention agreement requirement, the Banks' requirements for such retention agreements would no longer be required to be included in the AHP Implementation ***Plan***. The Banks' retention agreement requirements for rental projects would continue to be included in the AHP Implementation ***Plan***.     No delegation. Current Sec.  1291.3(a) prohibits a Bank's board of directors from delegating to Bank officers or other Bank employees the responsibility to adopt, and make any amendments to, the AHP Implementation ***Plan***. The proposed rule would also provide that the Bank's board of directors may not delegate these responsibilities to a committee of the board. Proposed Sec.  1291.14 Advisory Councils     The current provisions addressing the membership and duties of the Banks'

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Advisory Councils would move from Sec.  1291.4 to proposed Sec.   1291.14, with several clarifications.     Representatives from for-profit organizations. The Bank Act requires that each Bank appoint an Advisory Council of persons drawn from ``community and not-for-profit organizations'' actively involved in providing or promoting low- and moderate-income housing in its district.\16\ Consistent with long-standing agency guidance, the proposed rule would clarify that ``community organizations'' may include for-profit organizations. ---------------------------------------------------------------------------

    \16\ See 12 U.S.C 1430(j)(11). ---------------------------------------------------------------------------

    Recommendations on Bank Targeted Community Lending ***Plans***. FHFA's Community Support regulation requires the Banks to consult with their Advisory Councils and other groups in developing and implementing their Targeted Community Lending ***Plans***. See 12 CFR 1290.6(a)(5)(iii). Proposed Sec.  1291.14(d)(1)(ii)(A) would include the parallel requirement for the Advisory Councils to provide recommendations to the Banks on their Targeted Community Lending ***Plans***, and any amendments thereto.     No delegation. The proposed rule would clarify that a Bank's board of directors may delegate to a committee of the board, but not to Bank officers or other Bank employees, the responsibility to appoint persons as members of the Advisory Council. However, for the reasons discussed above, the proposed rule would provide that a Bank's board of directors may not delegate to a committee of the board, Bank officers, or other Bank employees the responsibility to meet with the Advisory Council at the quarterly meetings required by the Bank Act.\17\ ---------------------------------------------------------------------------

    \17\ 12 U.S.C 1430(j)(11). ---------------------------------------------------------------------------

Proposed Sec.  1291.15 Agreements     Current Sec.  1291.9 governing the AHP contractual agreements that must be in place between the Banks and members, and between the members and project sponsors or project owners, would move to proposed Sec.   1291.15 The proposed rule would make a number of changes and clarifications to the provisions in this section, as discussed below.     Notice to Bank of LIHTC project noncompliance. Current Sec.   1291.9(a)(5)(ii) requires that members' AHP agreements with project sponsors state that such parties shall meet the AHP project monitoring requirements. The AHP monitoring requirements do not require the Banks to conduct monitoring of AHP projects that received LIHTCs during the AHP 15-year retention period. Nor are LIHTC project sponsors required to send reports to the Banks of LIHTC noncompliance. Noncompliance with LIHTC income-targeting and rent requirements is the same as or substantially equivalent to noncompliance with AHP income-targeting and rent requirements. Although LIHTC project noncompliance is rare, instances of noncompliance with LIHTC income-targeting or rent requirements can occur during the AHP retention period, which would mean that the projects' incomes or rents likely are also in noncompliance with similar AHP requirements. However, the noncompliance would not come to the attention of a Bank during the AHP retention period because it is not monitoring the projects.     To address the possibility of such noncompliance by LIHTC projects, proposed Sec.  1291.15(a)(5)(ii) would require the members' AHP agreements with LIHTC project sponsors to include a provision requiring the sponsors to agree to provide prompt written notice to the Bank if the project is in noncompliance with the LIHTC income-targeting or rent requirements at any time during the AHP 15-year retention period. A corresponding requirement that the Bank review such LIHTC project noncompliance notices received from project sponsors during the AHP retention period would be included in proposed Sec.  1291.50(c)(1)(ii).     FHFA specifically requests comments on the practicality of this requirement, and whether it should also be required of project sponsors in the event of noncompliance by projects with the income-targeting or rent requirements of the government housing ***programs*** discussed under Monitoring below.     Owner-occupied retention agreements. The proposed rule would eliminate the requirement in current Sec.  1291.9(a)(7) for a retention agreement under which AHP-assisted households must repay AHP subsidy to the Bank if they sell or refinance their homes under certain circumstances during the AHP five-year retention period. The proposed rule would also make conforming changes to remove references to the owner-occupied retention agreements elsewhere in the regulation.     The owner-occupied retention agreement provides, specifically, that in the event of a sale or refinancing of the home by the AHP-assisted household during the five-year retention period, an amount equal to a pro rata share of the AHP subsidy that financed the purchase or rehabilitation of the unit, reduced for every year the household owned the unit, shall be repaid by the household to the Bank from any net gain realized upon the sale or refinancing, unless:     (A) The unit was assisted with a permanent mortgage loan funded by an AHP subsidized advance;     (B) the unit is sold to a very low-, or low- or moderate-income household; or     (C) following a refinancing, the unit continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism described in this paragraph.     The purpose of the retention agreement is to discourage ``flipping'' of the home by requiring households to repay AHP subsidy if they sell the home during the AHP retention period, unless one of the exceptions applies. The AHP provides subsidies which enable very low- and low- or moderate-income households to purchase or rehabilitate their homes and reap the benefits of wealth creation from homeownership. The AHP subsidy is not intended to be used by investors or landlords to purchase or rehabilitate and quickly sell homes to take advantage of rapidly appreciating housing prices in a neighborhood. The AHP retention agreement requirement is consistent with the retention agreement requirements of other government housing ***programs***, such as HUD's HOME Investment Partnerships ***Program*** (HOME), for households receiving subsidy for purchasing or rehabilitating owner-occupied units.     FHFA recognizes the moral hazard risk that may be associated with using subsidy intended to provide housing to low- or moderate-income households to flip properties. However, homes purchased by AHP-assisted households, by virtue of their low prices, are not typically located in neighborhoods with rapidly appreciating housing prices that would encourage flipping, especially given the low amount of AHP subsidy provided to the households--averaging $6,311 per household in 2016-- although exceptions may exist. Most AHP-assisted households do not sell their homes during the five-year retention period and, if they do, they usually sell to another low- or moderate-income household or have no net gain, so the retention agreement does not apply in most situations, making its value questionable. Moreover, the underlying policy of the AHP has always been that the purpose of the AHP subsidy is to enable low- or moderate-income households to receive the benefits of homeownership including appreciation in the value of their homes and, thus, to minimize any AHP subsidy repayments. Repayments of AHP subsidy may be a financial burden on the households.

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    The Banks have also cited the administrative burdens on themselves and their members of having to obtain and track repayments of generally very small amounts of subsidy, obtaining the documentation to calculate whether there is a ``net gain'' on the sale, and determining whether the subsequent purchaser is a low- or moderate-income household. In particular, the Banks have noted the complications of trying to determine the net gain where a household used the AHP subsidy to rehabilitate its home without an accompanying purchase.     These considerations appear to outweigh the potential for deterring rare instances of flipping. Accordingly, FHFA is proposing to eliminate the retention agreement requirement for owner-occupied units. FHFA specifically requests comments on whether a retention agreement of some duration is necessary or desirable to ensure that AHP funds are being used for the statutorily-intended purposes and whether there are viable ways to deter potential flipping and address moral hazard risks other than through retention agreements (e.g , a prohibition against flipping in the AHP subsidy documentation). FHFA also requests comments on whether the proposed increase in the maximum permissible grant to households from $15,000 to $22,000 under the Homeownership Set-Aside ***Program***, discussed below, should impact this decision.     If, based on the comments received and other relevant factors, FHFA decides to retain an owner-occupied retention agreement requirement in the final rule, FHFA is raising a number of issues below for consideration.     Notice to the Bank. FHFA requests comments on whether a retention agreement, if retained in the final rule, should require that notice of a sale or refinancing be provided to both the Bank and its designee (typically the member), rather than to one or the other. This would facilitate ***Program*** operations by giving the Bank simultaneous notice. Also, it could facilitate repayment of AHP subsidy to the Bank in cases where a member subsequently fails and is subject to receivership actions by other federal agencies. Some Banks already require notice to the Bank.     AHP subsidy repayment calculation. FHFA requests comments on what subsidy repayment method should be required, if a retention agreement requirement is retained in the final rule. The current regulation requires the household to repay a pro rata portion of the subsidy from any net gain (unless an exception applies), but does not define ``net gain.'' A majority of the Banks calculate the net gain as the sales price minus the original purchase price, purchaser and seller paid costs, and capital improvement costs, and then apply the pro rata repayment requirement. Other Banks calculate the subsidy repayment amount using net proceeds identified on the Closing Statement, deducting the outstanding senior mortgage debt from the sales price, but adding the full amount of the AHP subsidy originally provided to the household. The calculation does not credit the household with its investments (principal payments, down payment, and substantive capital improvements), meaning there are always net proceeds (i.e , the amount of the AHP subsidy).     FHFA reviewed the subsidy repayment requirements of other government housing ***programs*** and, in particular, HUD's HOME Investment Partnership ***Program*** (HOME). One approach under this ***program*** calculates net proceeds as the sales price minus outstanding superior debt and seller paid costs, with the household recovering its entire investment first from the net proceeds, the Bank then recovering the subsidy on a pro rata basis, and any remaining net proceeds returned to the household. FHFA requests comments on the merits and disadvantages of this approach and the net gain approach discussed above from the standpoint of the AHP-assisted households and the Banks, and whether there are other subsidy repayment approaches FHFA should consider if a retention agreement requirement is retained in the final rule.     Proxies for determining that a subsequent purchaser is low- or moderate-income. FHFA also requests comments on what approaches should be specified in the retention agreement, if retained in the final rule, that would provide a reasonable basis to assume that the subsequent purchaser of an AHP-assisted unit is likely to be low- or moderate- income, including proxies that could serve this purpose. The subsequent purchaser of an AHP-assisted unit is not receiving any AHP subsidy and, therefore, has no reason or obligation to provide income documentation to the Bank or member indicating whether it is low- or moderate-income. This has made it difficult for the Banks and their members to determine subsequent purchaser incomes in order to apply the subsidy repayment exception.     FHFA requests comments on what proxies would be reasonable for assuming a subsequent purchaser's income, including the following: Certification from the subsequent purchaser or a third party that the subsequent purchaser's income is at or below the low- or moderate- income limit; evidence that the subsequent purchaser is receiving direct homebuyer assistance from another government ***program*** with household income targeting requirements substantially equivalent to those of the AHP; purchase price of the AHP-assisted unit is less than the median home price in the area; the AHP-assisted unit is located in a census tract or block group where at least 51 percent of the households are low- or moderate-income; or Federal Housing Administration (FHA) or other underwriting standards indicate that the income required to purchase the AHP-assisted unit at the purchase price is low- or moderate-income.     AHP subsidy repayment exception for $1,000 amount. FHFA also requests comments on whether there should be an exception to subsidy repayment in the retention agreement, if retained in the final rule, where the amount of AHP subsidy subject to repayment, after calculating the net proceeds or net gain, is $1,000 or less.     As discussed above, maintaining a subsidy repayment requirement in the retention agreement could help deter potential, but rare, flipping during the retention period. Setting a de minimis threshold of $1,000 may promote the goal of deterring flipping, while at the same time not financially burdening low- or moderate-income borrowers who may opt to sell their homes during their retention periods. It would also reduce the administrative obligations of the Banks and members associated with calculating and collecting pro rata shares of the AHP subsidies.     Termination of AHP subsidy repayment obligation. FHFA also requests comments on whether, if a retention agreement requirement is retained in the final rule, the rule should clarify that the obligation to repay AHP subsidy to a Bank shall terminate not only after any event of foreclosure, but also after transfer by deed in lieu of foreclosure, assignment of an FHA mortgage to HUD, or death of the owner(s) of the unit, which would be consistent with agency guidance.     Retention agreements for rental projects. The AHP 15-year retention agreement requirement for rental projects in current Sec.  1291.9(a)(8) would be retained in proposed Sec.  1291.15(a)(7), with several proposed changes discussed below. Current Sec.  1291.9(a)(8) provides that if a rental project is sold or refinanced during the 15-year retention period, the full amount of the

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AHP subsidy must be repaid to the Bank, unless the project continues to be subject to a retention agreement incorporating the income- eligibility and affordability restrictions committed to in the AHP application for the duration of the retention period, or the households are relocated under certain circumstances specified in the regulation. The requirement to repay the full amount of AHP subsidy, instead of a pro rata amount, is intended to discourage rental projects from being sold before the end of the retention period and converted to projects with market rate rents that low- or moderate-income households can no longer afford.     Notice to the Bank. As with owner-occupied agreements discussed above, FHFA requests comments on whether the retention agreement for rental projects should require that notice of a sale or refinancing of the rental project during the AHP 15-year retention period be provided to both the Bank and its designee, rather than to one or the other. This would facilitate ***Program*** operations by giving the Bank simultaneous notice, and could facilitate repayment of AHP subsidy to the Bank in cases where a member subsequently fails and is subject to receivership actions by other federal agencies.     Transfer or assignment. Proposed 1291.15(a)(7) would clarify that the retention agreement would apply not only to a sale of the rental project, but also to a transfer or assignment of title or deed, during the retention period, as these forms of conveyance are the functional equivalent of sales.     Project sponsor qualifications. Current Sec.  1291.5(c)(10) provides that a project sponsor must be qualified and able to perform its responsibilities as committed to in the AHP application. Proposed Sec.  1291.21(b) on eligible applicants would clarify that a project sponsor includes all affiliates and team members such as the general contractor.     In addition, the proposed rule would add a requirement in the Agreements section at proposed Sec.  1291.15(b)(2) that the Bank's AHP subsidy application or other related form include project sponsor qualifications criteria that evaluate the ability of the project sponsor (including all affiliates and team members such as the general contractor) to perform the responsibilities committed to in the AHP application. The project sponsor qualifications section of the form would be required to include a requirement for the project sponsor to provide certifications or respond to specific questions about whether the project sponsor (and affiliates and team members such as the general contractor) have engaged in misconduct as defined and imputed in FHFA's Suspended Counterparty ***Program*** regulation,\18\ or as defined by the Bank. The Bank's AHP subsidy disbursement or other related form would also be required to include a requirement for similar certifications or questions for the project sponsor to complete prior to each disbursement of AHP subsidy. ---------------------------------------------------------------------------

    \18\ 12 CFR part 1227. ---------------------------------------------------------------------------

    The purpose of these requirements is to enable a Bank to identify any misconduct by the project sponsor so that the Bank can determine whether it should accept the AHP application or approve requests from the sponsor for disbursement of AHP subsidy. The proposed rule would provide that the project sponsor's affiliates and team members such as the general contractor must also meet the project sponsor qualification requirements in order for the project sponsor to be eligible for AHP subsidy.     The Suspended Counterparty ***Program*** regulation defines ``covered misconduct'' generally to mean a conviction or administrative sanction imposed by a federal agency involving fraud, embezzlement, theft, conversion, forgery, bribery, perjury, making false statements or claims, tax evasion, obstruction of justice, or any similar offense, in connection with a mortgage, mortgage business, mortgage securities, or other lending product. For AHP project sponsor qualifications purposes, a Bank may choose to define ``covered misconduct'' more broadly to also include, for example, convictions or administrative sanctions imposed by a state agency, pending investigations, noncompliance by the project sponsor (and affiliates and team members such as the general contractor) with other funders' requirements, pending claims, pending litigation, settlements of criminal or administrative charges, or criminal activity involving financial transactions more generally.     Application to existing AHP projects and units. Current Sec.   1291.9(c) on the application of AHP regulatory amendments to existing AHP projects would move to proposed Sec.  1291.15(c). Under this section, the provisions of the AHP regulation, as they may be amended from time to time, are deemed incorporated into all agreements between Banks, members, project sponsors, and project owners receiving AHP subsidies. However, no amendment to the regulation affects the legality of actions taken prior to the effective date of the amendment. Thus, if the owner-occupied retention agreements are eliminated in the final rule, households that currently have such agreements would no longer be subject to them upon the effective date of the final rule. Where households repaid AHP subsidy prior to the effective date of the final rule, they would not be entitled to a refund of their payments because the final rule would not have retroactive effect. Proposed Sec.  1291.16 Conflicts of Interest     Current Sec.  1291.10 addressing conflicts of interest by Bank directors, Bank employees and Advisory Council members would move unchanged to proposed Sec.  1291.16

Subpart C--General Fund and Targeted Funds

Proposed Sec.  1291.20 Establishment of ***Programs***     General Fund. Proposed Sec.  1291.20 would replace existing Sec.   1291.5(a) by requiring that instead of establishing a Competitive Application ***Program***, each Bank would be required to establish a General Fund pursuant to the requirements of this part.     Targeted Funds. Proposed Sec.  1291.20(b) would provide that a Bank may establish, in its discretion, a maximum of three Targeted Funds pursuant to the requirements of this part.     To address the risks of Targeted Funds, given their targeted nature, the proposed rule would include phase-in requirements for the Funds. Specifically, unless otherwise directed by FHFA, a Bank would be permitted to establish:     (1) One Targeted Fund;     (2) Two Targeted Funds to be administered concurrently, provided that the Bank administered at least one Targeted Fund in any preceding year; or     (3) Three Targeted Funds to be administered concurrently, provided that the Bank administered at least two Targeted Funds in any preceding year.     In addition, as discussed under the funding allocation provisions in proposed Sec.  1291.12(c)(1) above, the allocations to Targeted Funds would be subject to phase-in requirements.     Eligibility requirements. As discussed earlier, proposed Sec.   1291.20(c)(1) would require the Bank to adopt and implement controls, as specified in its AHP Implementation ***Plan***, for ensuring that each Targeted Fund is designed to receive sufficient numbers of applicants for the amount of AHP funds allocated to the Targeted Fund to facilitate a genuinely competitive scoring process.

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    In addition, as under the current regulation, a Bank would not be authorized to adopt additional eligibility requirements for the General Fund and any Targeted Funds established by the Bank except as specifically authorized in the regulation. Proposed Sec.  1291.21 Eligible Applicants     Member applicants. The eligibility requirement for member applicants in existing Sec.  1291.5(b)(2) would move unchanged to proposed Sec.  1291.21(a), with the exception that the reference to the Competitive Application ***Program*** would be replaced with references to the General Fund and any Targeted Funds established by the Bank.     Project sponsor qualifications. The eligibility requirements in existing Sec.  1291.5(c)(10) for project sponsors applying for AHP funds in conjunction with members would move to proposed Sec.   1291.21(b), with the addition of the proposed documentation requirements discussed in the Agreements section above under proposed Sec.  1291.15(b)(2). The purpose of these requirements is to enable a Bank to identify any misconduct by the project sponsor so that the Bank can determine whether it should accept the AHP application or approve requests from the sponsor for disbursement of AHP subsidy. The proposed rule would provide that the project sponsor's affiliates and team members such as the general contractor must also meet the project sponsor qualification requirements for the project sponsor to be eligible for AHP subsidy. Proposed Sec.  1291.22 Funding Periods; Application Process     The funding period and application process requirements in existing Sec.  1291.5(b)(1), (b)(3), and (b)(4) would move unchanged to proposed Sec.  1291.22 Proposed Sec.  1291.23 Eligible Projects     Eligibility requirements. Proposed Sec.  1291.23 would be a new section setting forth the eligibility requirements for AHP projects, but comprising a number of existing provisions related to what constitutes an eligible project in current Sec.  1291.5(c). This section would include the eligibility requirements for owner-occupied and rental housing projects, project feasibility, timing of AHP subsidy use, retention agreements for rental projects, and compliance with fair housing laws. The existing eligibility requirement for a five-year retention agreement for owner-occupied projects in Sec.   1291.5(c)(9)(i) would be removed, as discussed earlier.     Tenant income qualification in rental projects. FHFA considered altering the requirement in current Sec.  1291.5(c)(1)(ii) for tenant income qualification in rental projects that are occupied at the time of the application for AHP subsidy. Under the current provision, for rental projects that are not occupied at the time of application and are approved for AHP subsidy, the households must have incomes meeting the income targeting commitments in the approved AHP application upon initial occupancy of the rental units. For projects involving the purchase or rehabilitation of rental housing that are occupied at the time of AHP application, the households must have incomes meeting the income targeting commitments in the approved AHP application at the time of the AHP application. The purpose of qualifying current occupants' incomes at the time of AHP application is to discourage displacement of occupants whose incomes are higher than the income commitments in the approved AHP application.     FHFA considered allowing occupied projects to satisfy income targeting commitments at initial occupancy as with unoccupied projects. This change would increase the chances of occupied projects scoring successfully under the AHP where they target lower incomes than the current income mix of the occupants in the project. This could encourage more AHP subsidy awards for preservation of affordable rental housing through purchase or rehabilitation, which is an important housing priority in many areas. It would also account for tenant moves during the renovation process and the fact that new residents at different income levels may occupy the project at initial occupancy, when the rehabilitation is complete.     At the same time, FHFA is concerned that such a change could encourage displacement of current occupants whose incomes exceed those committed to in the approved AHP application because the project sponsor must meet its income targeting commitments. To mitigate this concern, proposed Sec.  1291.23(a)(2)(ii) would provide that, in order for the project to satisfy the income targeting commitments at initial occupancy, the project must have a relocation ***plan*** for those occupants not meeting the income targeting commitments that is approved by one of the project's primary funders. In the absence of a relocation ***plan***, the households in the project must satisfy the income targeting commitments at the time of AHP application, as required in the current regulation.     FHFA specifically requests comments on how to encourage preservation of rental projects through the AHP while discouraging displacement of current occupants with higher incomes, including whether the proposed requirement for a relocation ***plan*** approved by the primary funder is reasonable. Proposed Sec.  1291.24 Eligible Uses     Eligible uses of AHP subsidy. Proposed Sec.  1291.24 would group together a number of provisions in current Sec.  1291.5(c) related to the eligible uses of AHP subsidy. These include the use of the AHP subsidy for purchase, construction, or rehabilitation of owner-occupied or rental housing, the need for AHP subsidy determination, reasonable project costs determinations, reasonable financing costs determinations, eligible counseling costs, eligible refinancing, optional Bank district eligibility requirements, and calculation of the AHP subsidy.     Prohibited uses of AHP subsidy. Proposed Sec.  1291.24 would also include the prohibited uses of AHP subsidy set forth in current Sec.   1291.5(c)(16). These prohibited uses are certain prepayment fees, fees for Bank cancellation of a subsidized advance commitment, and processing fees charged by members for providing AHP direct subsidies to a project.     Proposed Sec.  1291.24(b)(4) would add that, consistent with current practice, capitalized reserves, periodic deposits to reserve accounts, operating expenses, and supportive services expenses are not eligible uses of AHP subsidy.     Need for AHP subsidy. The need for AHP subsidy eligibility requirement in current Sec.  1291.5(c)(2) would move to proposed Sec.   1291.24(a)(3), with clarifying changes. The current regulation requires that to be eligible for AHP subsidy, rental projects must demonstrate: (1) A need for the AHP subsidy; (2) developmental and operational feasibility; and (3) cost reasonableness. The regulation states that the estimated sources of funds for a project must equal its estimated uses of funds, as reflected in the project's development budget. Where the project's uses of funds exceed its sources of funds, the difference demonstrates a funding gap and a need for AHP subsidy.     Some stakeholders have pointed to the regulatory language, as well as preamble language from an earlier AHP rulemaking, to support their contention that, for rental projects, the Banks are only required to review the project's development budget and not its operating pro forma in determining its need for AHP subsidy. However, long-standing policy and practice has been that the Banks review both the project

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development budget and the operating pro forma in determining the project's need for AHP subsidy.     As a policy matter, it is important for the Banks to review a rental project's operating pro forma as well as its development budget. The Bank must review the project's development budget to confirm a funding gap between the sources and uses of funds. The Bank must review the project's operating pro forma to assess the reasonableness of cash flow. A debt coverage ratio or cash flow amount that exceeds the Bank's feasibility standards can indicate that the project does not need the full amount of AHP subsidy requested, especially in cases where the primary funder's requirements or special project circumstances do not explain or justify the excess.     The following discussion clarifies how the Banks should evaluate under the proposed rule that a project's cash flow and costs are reasonable, and how the Banks should perform the need for subsidy analysis in cases where (1) capitalized reserves exceed a Bank's project cost guidelines; (2) supportive services are provided; and (3) the cash flow or debt coverage ratio exceeds a Bank's project cost guidelines.     Capitalized Reserves in Projects' Development Budgets. Development budgets frequently include capitalized reserves, although AHP subsidy may not be used to fund such reserves under the Bank Act and AHP regulation. At reasonable levels, capitalized reserves are appropriate to ensure that projects remain viable throughout their AHP 15-year retention periods. Project development budgets must incorporate all capitalized costs, including reserves.     When capitalized reserves exceed the project cost guidelines established by a Bank, the Bank must evaluate the reasonableness of these reserves. Such analysis includes assessing whether the capitalized reserves are required by the project's primary funders. However, the Bank has the discretion to determine that the reserves are not reasonable even if they are required or permitted by a project's primary funders.     In very rare instances with non-LIHTC projects, a Bank may allow a project to exceed the Bank's project cost guidelines for capitalized reserves even when the primary funders do not require additional reserves. For LIHTC projects, the limited partnership agreement typically serves as the final determinant on the maximum allowable amount of capitalized reserves.     Supportive Services Expenses in Operating Pro Formas. AHP subsidy may not fund supportive services expenses under the Bank Act and AHP regulation. As part of the project application review, FHFA expects the Banks to require a separate supportive services budget that captures income and expenses for all supportive services activities to ensure they can be reasonably offered. However, for projects where a government entity provides operating subsidies that fund both housing operating costs and supportive services and these operating subsidies cannot be readily bifurcated, the supportive services income and expenses should be captured in the project's operating pro forma.     When a project expects to pay for supportive services expenses from cash flow, the supportive services budget should indicate project cash flow as the income source. A Bank must review the supportive services budget to determine whether there is adequate income to pay for the supportive services.     Cash Flow and Its Impact on Need for AHP Subsidy. In instances where a project's operating pro forma reflects cash flow or a debt coverage ratio that exceeds the Bank's feasibility guidelines, the Bank must assess whether the excess cash flow could have reasonably been used for debt service on a larger loan and thereby could supplant part, or all, of the AHP subsidy. FHFA acknowledges that it is difficult for a completed affordable housing project to obtain an increase in its debt commitments. In such cases, the Bank should determine if the project continues to require the full amount of the AHP subsidy and recapture subsidy as appropriate. A project may exceed a Bank's feasibility guidelines for cash flow or debt coverage ratio when the underwriting guidelines of the primary funder of the project require higher thresholds and the Bank concurs that the requirements are reasonable or when reasonable written support from the project sponsor demonstrates that circumstances require additional cash flow or a higher debt coverage ratio to maintain the operational viability of the project.     In summary, FHFA proposes to clarify in the regulation that the Banks must base the need for AHP subsidy determination for rental projects on both the project's development budget and its operating pro forma. This will help ensure that projects will not be over-subsidized through AHP funds.     Sponsor-provided permanent financing to homeowners. The requirements in current Sec.  1291.5(c)(2)(ii) for sponsor-provided permanent financing would move unchanged to proposed Sec.   1291.24(a)(3)(ii). The regulation provides that when a Bank determines the need for AHP subsidy in homeownership projects where the sponsor extends permanent financing to the homebuyer, the sponsor's cash contribution (which is included in the project's cash sources of funds) shall include the present value of any payments the sponsor is to receive from the buyer, including any cash down payment from the buyer, plus the present value of any purchase note the sponsor holds on the unit. If the note carries a market interest rate commensurate with the credit quality of the buyer, the present value of the note equals the face value of the note. If the note carries an interest rate below the market rate, the present value of the note shall be determined using the market rate to discount the cash flows.     Some stakeholders requested that FHFA remove this provision, citing the complexity of the calculation. Others suggested that the sponsors should be treated like revolving loan funds under the regulation, as their financing model essentially operates as a revolving loan fund. As further discussed below under proposed Sec.  1291.29, FHFA is considering undertaking a separate rulemaking for revolving loan funds, which could include sponsor-provided permanent financing. FHFA specifically requests comments on whether the current AHP requirements for sponsor-provided permanent financing are reasonable, including whether the sponsors have a need for AHP subsidy in light of their particular financing model, and whether the current method in the regulation for determining their need for AHP subsidy understates or overstates the amount of AHP subsidy needed. FHFA also requests comments on whether sponsors using this financing model should be considered revolving loan funds and, if so, whether they should be subject to current or different AHP revolving loan fund requirements.     Optional Bank district eligibility requirements--maximum subsidy limits. Proposed Sec.  1291.24(c) would retain the provision in current Sec.  1291.5(c)(15) allowing a Bank, in its discretion, to adopt a requirement that the amount of AHP subsidy requested for a project does not exceed limits established by the Bank as to the maximum amount of AHP subsidy available per member, per project, or per project unit in a single AHP funding period, with several proposed changes. Any such eligibility requirements adopted by a Bank would be required to be included in its AHP Implementation ***Plan***.     Maximum subsidy limit per member each year. The proposed rule would remove the reference to ``per member

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each year'' as unnecessary because it can be factored into the subsidy limit per member in a single AHP funding period, especially as no Bank currently conducts more than one AHP funding period per year.     Maximum subsidy limit per project sponsor. The proposed rule would revise the regulation to allow a Bank to adopt a maximum subsidy limit per project sponsor in a single AHP funding period. A Bank might choose to establish such a limit in order to provide opportunities for smaller or less experienced project sponsors to compete successfully for AHP subsidies. On the other hand, a project sponsor limit could prevent worthy projects developed by larger, more experienced sponsors from receiving AHP subsidy. FHFA specifically requests comments on the potential advantages and disadvantages of allowing the Banks to impose a maximum subsidy limit per project sponsor.     Number of maximum subsidy limits per Fund. Consistent with agency guidance for the Competitive Application ***Program***, the proposed rule would provide that a Bank may establish only one maximum AHP subsidy limit per member, per project, or per project unit for the General Fund and for each Targeted Fund, which shall apply to all applicants to the specific Fund. This would also apply to the proposed maximum subsidy limit per sponsor. The purpose of this requirement is to ensure consistency, clarity, and a level playing field for all applicants to a specific Fund, and reduce administrative burden for the Banks in trying to determine different subsidy limits for different regions or types of projects.     The proposed rule would further provide that the maximum AHP subsidy limit per project or per project unit may differ for each Fund. This is intended to allow the Banks to create maximum subsidy limits for each Fund that address the specific characteristics of project applicants for that Fund. For instance, a Bank may want to establish a higher maximum subsidy limit per project for a Targeted Fund focused on certain geographies or development types in light of differences in housing development costs, such as high-cost areas or projects where most units contain three or more bedrooms to accommodate larger households.     Applications to multiple Funds--subsidy amount. Proposed Sec.   1291.24(d) would provide that if an AHP application for the same project is submitted to more than one Fund in the same AHP funding period, each application must be for the same amount of AHP subsidy. This would ensure that the project demonstrates the same need for subsidy in each application. If the project sponsor applied for a different amount of subsidy in each application, it would raise questions about whether the project would be over-subsidized if awarded the higher amount of subsidy. Proposed Sec.  1291.25 Scoring Methodology     Bank scoring methodology. The proposed rule would revise current Sec.  1291.5(d) by removing the required scoring framework specified in the regulation, with its mandatory scoring criteria, minimum scoring points allocations and related definitions, and requiring each Bank to devise its own scoring methodology. Each Bank's scoring methodology would be required to set forth competitive application scoring criteria, related definitions and point allocations under a 100-point scale for the Bank's General Fund and any Targeted Fund. The Bank would be required to score applications received for a particular Fund pursuant to the applicable scoring methodology for that Fund.     The Bank's scoring methodology may be different for each Fund. The Bank's scoring criteria for each Fund must be justified in the Bank's Targeted Community Lending ***Plan*** and specified in its AHP Implementation ***Plan***. The Bank would need to design its scoring criteria and point allocations to ensure that the Bank will meet the outcome requirements for the statutory and regulatory priorities under proposed Sec.   1291.48, as further discussed below. Each scoring methodology may include scoring criteria addressing specific affordable housing needs in the Bank's district (Bank district priorities) that differ from the affordable housing needs specified under the statutory and regulatory priorities, as long as the outcome requirements specified in proposed Sec.  1291.48 are achieved.     FHFA considered whether to allow the Banks complete discretion to determine how to allocate and award their AHP funds by removing the scoring criteria for the current Competitive Application ***Program*** and the current minimum and maximum AHP funding allocation requirements for that ***program*** and the Homeownership Set-Aside ***Program***. While such discretion might enable the Banks to better target specific affordable housing needs in their districts, it is not included in the proposed rule for several reasons.     First, it would allow a Bank to allocate and approve all of its AHP funds through noncompetitive processes. In contrast, the current regulation requires each Bank generally to award at least 65 percent of its total AHP funds through the Competitive Application ***Program***,\19\ which helps ensure access to the limited pool of AHP funds available each year for a wide variety of applicants. Second, it would allow a Bank to allocate all of the AHP funds for only one purpose, such as homeownership or rental housing, which would be inconsistent with the statute which requires that both homeownership and rental housing be funded.\20\ Third, it would contravene the statutory requirement that FHFA establish priorities for the use of the AHP funds, as only the Banks would be establishing such priorities.\21\ ---------------------------------------------------------------------------

    \19\ As discussed previously, if a Bank with lower earnings allocates the alternative maximum amount of $4.5 million to its Homeownership Set-Aside ***Programs***, it may allocate less than 65 percent of its total AHP funds through its Competitive Application ***Program***.     \20\ 12 U.S.C 1430(j).     \21\ 12 U.S.C 1430(j)(9)(B). ---------------------------------------------------------------------------

    In-district projects. The proposed rule would retain the option under the Bank First District Priority in current Sec.   1291.5(d)(5)(vi)(L) for a Bank to adopt in its scoring methodology a scoring criterion for housing located in the Bank's district, but would provide at proposed Sec.  1291.25(c) that a Bank shall not use the scoring criterion as a way to exclude all out-of-district projects from its General Fund. This provision strengthens the statement in the preamble to the 2006 AHP final rule that a Bank should not use the scoring criterion in this way by explicitly prohibiting it in the regulation.     Scoring tie-breaker policy. The proposed rule would require the Banks to establish scoring tie-breaker policies to address the possibility of two or more applications receiving identical scores in the same AHP funding period where there is insufficient AHP subsidy to approve all of the tied applications. The proposed requirements for the scoring tie-breaker policies are consistent with guidance FHFA has provided to the Banks. Proposed Sec.  1291.26 Approval of AHP Applications     Approvals generally. Consistent with the application approval requirements in the current regulation, the proposed rule would provide generally that a Bank's board of directors shall approve (i.e , award) applications for AHP subsidy under the General Fund and any Bank Targeted Funds that meet all of the applicable AHP eligibility requirements, in descending order

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starting with the highest scoring application until the total funding amount for the particular AHP funding period, except for any amount insufficient to fund the next highest scoring application, has been approved.     Alternates. As under the current Competitive Application ***Program***, for the General Fund, the Bank's board of directors would be required to approve at least the next four highest scoring applications as alternates, but in a change from the current regulation, would be required to fund those alternates within one year of approval if any previously committed AHP subsidies become available. This is intended to ensure that Banks award AHP funds to alternates in the General Fund as opposed to selecting alternates but transferring AHP funds from the General Fund to the Bank's Homeownership Set-Aside ***Program*** or Targeted Funds instead. The Banks may need to consider selecting more than four alternates under their General Fund in order to be able to fully commit any uncommitted funds that transfer from their Targeted Funds to their General Fund. For any Bank Targeted Funds, the Bank may, in its discretion, approve alternates.     As discussed above under the scoring tie-breaker policies in proposed Sec.  1291.25(d), and consistent with current FHFA guidance to the Banks, where there is insufficient AHP subsidy to approve all tied applications, the Bank must approve a tied application as an alternate if it does not prevail under the scoring tie-breaker methodology, or if it is tied with another application but requested more subsidy than the amount of AHP funds that remain to be awarded.     Applications to multiple Funds--approval under one Fund. The proposed rule would provide that if an application for the same project is submitted to more than one Fund at a Bank in an AHP funding period and the application scores high enough to be approved under each Fund, the Bank shall approve the application under only one of the Funds, which the Bank shall select pursuant to the Bank's policy established in its AHP Implementation ***Plan***. For example, a Bank's policy could provide that any project that is competitive in multiple Funds will be approved under the General Fund.     Re-ranking of scored applications and alternates. To satisfy the outcome requirements for the statutory and regulatory priorities in proposed Sec.  1291.48, a Bank would be permitted to deviate from the normal descending ranking selection order only to the minimum extent necessary by re-ranking scored applications and alternates meeting the outcome requirements above the lowest scoring applications and alternates not meeting the outcome requirements. A Bank would be required to describe the possibility of re-ranking in its AHP Implementation ***Plan***.     FHFA specifically requests comments on possible approaches for re- ranking applications to meet the outcome requirements while at the same time maximizing the extent to which the highest scoring applications are approved.     No delegation. The proposed rule would provide that a Bank's board of directors may not delegate to a committee of the board the responsibility to approve or disapprove the AHP subsidy applications and alternates under the Bank's General Fund and any Targeted Funds, for the reasons discussed above. Proposed Sec.  1291.27 Modifications of Approved AHP Applications     The provisions for modifications of approved AHP applications would be moved from current Sec.  1291.5(f) to proposed Sec.  1291.27, and would include a number of clarifying and other changes.     Approval of modifications. The proposed rule would provide that if the requirements for a modification (other than a request for AHP subsidy increase) are satisfied, the Bank must approve the modification request. This a change from the current regulation which allows for Bank discretion in approving a modification request. One of the requirements for approving a modification is that the project, as modified, must rescore successfully in its original AHP funding period. If a project rescores successfully and other modification requirements are satisfied, there should be no reason for the Bank to fail to approve the modification.     Cure of noncompliance. The proposed rule would add a requirement that before a Bank may approve a modification request, it must have first requested that the project cure any AHP noncompliance, and subsequent to the request, the cure was unsuccessful within a reasonable period of time. This is consistent with the proposed new ``waterfall'' provisions for remedying project noncompliance discussed in the Remedial Actions for Noncompliance section. The proposed waterfall provision would provide that in the event of project noncompliance, a project must first attempt to cure the noncompliance within reasonable period of time before the Bank may consider approving a project modification or recapturing AHP subsidy from the project.     Rescoring of application. The current regulation includes a requirement that the application, as reflective of the changes requested, must continue to score high enough to have been approved in the funding period in which it was originally scored and approved by the Bank. Questions have arisen as to what it means to score high enough where a Bank also approved applications as alternates during the original funding period. The proposed rule would clarify that the application must continue to score as high as the lowest ranking alternate that was not just selected as an alternate but approved for funding by the Bank in the application's original funding period.     Good cause. The current regulation also requires that there be good cause for a modification, with the Bank's analysis and justification for the modification documented in writing. The proposed rule would clarify that remediation of project noncompliance is not, in and of itself, good cause for a modification. There must be some other reasonable justification for the modification, such as a change in market conditions, or loss of a major employer in the community, that makes it difficult to find households at the incomes committed to in the project's AHP application to occupy the targeted units in the project. Otherwise, there would be less of an incentive to cure noncompliance if project sponsors knew they could simply request a modification of the project terms to no longer be in noncompliance.     The proposed rule would also make technical changes to the language to clarify any ambiguity about the requirement that requests for subsidy increase modifications must also meet the requirements for approval in paragraph (a) of this section. Proposed Sec.  1291.28 Procedures for Funding     The procedures for AHP funding would carry over from existing Sec.   1291.5(g) to proposed Sec.  1291.28 with two proposed changes.     Notification under subsidy re-use ***programs***. Current Sec.   1291.5(g)(6) requiring project sponsor notification to the Bank and member of the reuse of repaid AHP direct subsidy where the Bank has authorized a subsidy re-use ***program*** under Sec.  1291.8(f)(2) would be removed. Subsidy re-use ***programs*** would no longer be operable if subsidy repayment obligations are removed in conjunction with discontinuation of the owner-occupied retention agreements.

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    Bank board duties and delegation. Current Sec.  1291.5(h) addressing Bank board duties and delegations would be removed as the duties and delegations would be addressed elsewhere in the proposed rule. Proposed Sec.  1291.29 Lending and Re-Lending of AHP Direct Subsidy by Revolving Loan Funds     Current Sec.  1291.5(c)(13) addressing the requirements for lending and re-lending of AHP direct subsidies by revolving loan funds would move to proposed Sec.  1291.29, with proposed changes related to the proposed elimination of the owner-occupied retention agreement requirement and other issues discussed below.     The authority for the Banks to provide AHP direct subsidies to revolving loan funds for purposes of lending and re-lending was added in the AHP regulation in 2006. The revolving loan fund provisions were designed for distinct projects in specific locations, or for pipelines of expected projects meeting specific criteria that the revolving loan fund anticipates funding and that would be specified in its AHP application. Under the regulation, the revolving loan fund may be scored on the specific criteria it establishes in its AHP application for its pipeline of projects, without having to actually identify specific projects in the AHP application.     These types of revolving loan funds that were expected to be able to participate in the AHP either no longer exist or have evolved into different financing models. Current revolving loan funds are financing ***programs*** that utilize interest and principal payments on current loans to make new loans. The sources and uses of revolving loan funds are typically hypothetical in nature, based on future lending expectations, and the prospective households requiring assistance are yet to be determined. Revolving loan funds have faced challenges meeting certain AHP eligibility requirements, such as the subsidy repayment requirement under the five-year owner-occupied retention agreement, and receiving sufficient numbers of points under certain scoring criteria to receive an AHP award for purposes of lending and re-lending the grant. Revolving loan funds have received AHP grants for use as a one-time pass-through to identified projects, not for lending and re-lending of the subsidy to such projects or anticipated future projects.     To address these challenges, FHFA is considering undertaking a separate rulemaking on the current AHP revolving loan funds provisions. FHFA requests comments on the current AHP revolving loan fund provisions and how the financing mechanisms of revolving loan funds could be used successfully with AHP subsidies. FHFA specifically requests comments on why certain AHP scoring criteria have been difficult to meet, how the AHP retention periods could be satisfied, how AHP subsidy would be repaid in the event of project noncompliance, and how the revolving loan fund can demonstrate a need for the AHP subsidy. FHFA also requests comments on whether and how the proposed outcome requirements for the statutory and regulatory priorities discussed under proposed Sec.  1291.48 might facilitate use of AHP subsidies by revolving loan funds.     The proposed rule would eliminate the requirement for retention agreements for all owner-occupied units, including those funded by revolving loan funds. FHFA specifically requests comments on the potential positive or negative impacts of eliminating the owner- occupied retention agreement requirement for revolving loan funds. Proposed Sec.  1291.30 Use of AHP Subsidy in Loan Pools     Current Sec.  1291.5(c)(14) addressing the requirements for use of AHP subsidies in loan pools would move to proposed Sec.  1291.30, with the proposed change to remove the requirement for owner-occupied retention agreements in current paragraph Sec.  1291.5(c)(14)(iii).     The authority for the Banks to provide AHP subsidy to loan pools was added in the AHP regulation in 2006. The regulation establishes specific conditions under which a Bank may provide AHP subsidies under its Competitive Application ***Program*** for the origination of first mortgage loans or rehabilitation loans with subsidized interest rates to AHP-eligible households through a purchase commitment by an entity that will purchase and pool the loans.     FHFA is not aware that any loan pools meeting these conditions have applied for AHP subsidy since the regulatory authority was added in 2006. FHFA is also unaware of any loan pools of this type currently existing in the housing market. Therefore, FHFA is considering removing the loan pool provisions from the regulation. FHFA specifically requests comments on whether there are loan pools currently operating in the market that meet the conditions in the regulation, how the loan pools are addressing current housing market needs, and the potential positive or negative impacts of eliminating the owner-occupied retention agreement requirement for loan pools.

Subpart D--Homeownership Set-Aside ***Programs***

Proposed Sec.  1291.40 Establishment of ***Programs***     The current provision addressing Bank establishment of Homeownership Set-Aside ***Programs*** would move from Sec.  1291.6(a) to proposed Sec.  1291.40 The proposed rule would emphasize that these ***programs*** are optional by adding that a Bank may establish such ***programs*** ``in its discretion.'' The proposed rule would also include a requirement that a Bank's justifications for establishing such ***programs*** be included in its Targeted Community Lending ***Plan***, as provided in proposed Sec.  1291.13(a). Proposed Sec.  1291.41 Eligible Applicants     The proposed rule would move the current provision on applications from members unchanged from Sec.  1291.6(b) to proposed Sec.  1291.41 Proposed Sec.  1291.42 Eligibility Requirements     The provisions in current Sec.  1291.6(c) on eligibility requirements would move to proposed Sec.  1291.42, with several proposed changes discussed below.     Adoption of additional eligibility requirements. FHFA has provided informal guidance to Banks about the extent to which the Banks may adopt eligibility requirements under their Homeownership Set-Aside ***Programs*** beyond those set forth in this section. Consistent with the guidance, the proposed rule would clarify that the Banks may not adopt additional eligibility requirements under their Homeownership Set-Aside ***Programs*** except those related to household eligibility, pursuant to proposed Sec.  1291.42(b)(3).     One-third allocation requirement--first-time homebuyers and owner- occupied rehabilitation. As discussed in the funding allocation section under proposed Sec.  1291.12(b) above, the current regulation requires that at least one-third of a Bank's annual Homeownership Set-Aside ***Program*** funding allocation be for first-time homebuyers. The proposed rule would authorize the Banks to include first-time homebuyers and households receiving set-aside funds for owner-occupied rehabilitation in the one-third allocation. Conforming language for households receiving set-aside funds for owner-occupied rehabilitation would be added in this section of the proposed rule.

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    Maximum grant amount. Current Sec.  1291.6(c)(3) states that members may provide set-aside grants to households in an amount up to a maximum of $15,000 per household, as established by the Bank in its AHP Implementation ***Plan***, which limit shall apply to all households. The proposed rule would authorize the Banks to provide up to $22,000 per household, subject to automatic annual upward adjustment in accordance with FHFA's Housing Price Index (HPI).     The purpose of the proposed increase in the subsidy limit is to respond to increases in the costs associated with buying or rehabilitating homes in high cost areas, as well as the high costs of certain types of rehabilitation generally. It would also bring the subsidy limit in line with changes in the HPI since 2002, when the $15,000 subsidy limit was established in the regulation. For example, the HPI shows that $15,000 in January 2002 has approximately the same buying power as $21,500 today.\22\ The proposed rule would also clarify that a Bank may establish a different maximum subsidy per household limit for each Homeownership Set-Aside ***Program*** it establishes. ---------------------------------------------------------------------------

    \22\ See FHFA HPI, [*https://www.fhfa.gov/DataTools/Downloads/pages/house-price-index.aspx*](https://www.fhfa.gov/DataTools/Downloads/pages/house-price-index.aspx) ---------------------------------------------------------------------------

    Many of the Banks have set their subsidy limits below $15,000, with a number of Banks at $5,000. In 2016, the average set-aside grant per household was $6,311. Several stakeholders recommended that FHFA increase the subsidy limit due to increases in the costs associated with buying or rehabilitating homes in high cost areas, which in some areas are substantially higher than the rest of the country. Banks located in high cost areas are more likely to take advantage of a higher subsidy limit because of the higher costs in their districts.     Increasing the subsidy limit could also have a significant impact on housing rehabilitation in all districts. The demand for rehabilitation is likely to increase as the country's population ages.\23\ Expenses for certain types of rehabilitation, such as replacing a roof, windows, doors, or HVAC system, or installing a wheelchair ramp, often exceed $15,000. The older a home, the more likely it needs repairs and systems replaced. According to the U.S Census Bureau, 18.7 percent of all housing units in the United States were built before 1950 and are, therefore, more likely to require rehabilitation.\24\ A higher subsidy limit would increase the Banks' ability to address high costs associated with buying and rehabilitating homes. While lower subsidy limits help ensure that more households have access to set-aside subsidies, the households may need to find additional sources of funds to help them pay for the full costs associated with buying or rehabilitating a home. ---------------------------------------------------------------------------

    \23\ Housing America's Older Adults, Harvard Joint Center for Housing Studies, September 2, 2014. [*http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs-housing\_americas\_older\_adults\_2014-ch4.pdf*](http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs-housing_americas_older_adults_2014-ch4.pdf)     \24\ See U.S Census Bureau, 2015 American Community Survey,   [*https://www.census.gov/****programs****-surveys/ahs/*](https://www.census.gov/programs-surveys/ahs/). ---------------------------------------------------------------------------

    Bank adoption of the proposed higher subsidy limit could result in fewer households receiving set-aside subsidies, but Banks could choose to offset this by increasing the maximum amount of AHP funds they allocate to their set-aside ***programs*** from 35 to 40 percent, as would be permitted under the proposed rule. In addition, most Banks have established subsidy limits below the current $15,000 limit. Thus, FHFA believes that an increase in the subsidy limit to $22,000 is not likely to result in a significant overall reduction in the number of households assisted by the Banks under their set-aside ***programs***.     The proposed rule would provide that the $22,000 subsidy limit would be subject to an automatic annual upward adjustment only, in accordance with the HPI. As noted above, the current $15,000 subsidy limit was established in the regulation in 2002. The regulation does not provide for an automatic HPI adjustment. Increasing the subsidy limit to $22,000 would reflect increases in the HPI since that time. Rather than periodically revise the subsidy limit by regulation to account for future housing price increases, the proposed rule would provide for automatic HPI upward adjustments to the subsidy limit. The subsidy limit would adjust upward, but not downward, in response to changes in the HPI. In the event of a decrease in the HPI, the subsidy limit would remain at its then-current level until the HPI increased above the subsidy limit, at which point the subsidy limit would adjust to that higher level. FHFA would notify the Banks annually of the maximum subsidy amount based on the HPI.     FHFA specifically requests comments on any potential positive and negative impacts of increasing the subsidy limit from $15,000 to $22,000, including whether the subsidy limit should be higher or lower. FHFA also requests comments on use of the HPI to automatically adjust the subsidy limit upward over time, and whether other housing price adjustment indices would be preferable and why. Proposed Sec.  1291.43 Approval of AHP Applications     Current Sec.  1291.6(d) would move unchanged to proposed Sec.   1291.43 It provides that a Bank shall approve applications for AHP direct subsidy under its Homeownership Set-Aside ***Program*** in accordance with the Bank's criteria governing the allocation of funds. Proposed Sec.  1291.44 Procedures for Funding     Current Sec.  1291.6(e) on the procedures for funding would move unchanged to proposed Sec.  1291.44

Subpart E--Outcome Requirements for Statutory and Regulatory Priorities

Proposed Sec.  1291.48 Outcome Requirements for Statutory and Regulatory Priorities     The current regulation's point-based project selection system serves as a means of ensuring that project awards reflect housing priorities established by the Bank Act.\25\ The regulation achieves prioritization of these statutory priorities by requiring each Bank, in developing its 100-point scoring system, to allocate at least 5 points each to two statutory priorities--a combined 10 points minimum.\26\ The Bank Act also requires that FHFA establish priorities for the use of the AHP funds.\27\ To implement this requirement, the current regulation includes five regulatory priorities addressing specific housing needs, with each such scoring criterion required to receive a minimum of 5 points, except for one scoring criterion receiving a minimum of 20 points--a combined 40 points minimum. The remaining maximum of 50 points are allocated by the Banks to priority housing needs in the Banks' district that are selected by the Banks. ---------------------------------------------------------------------------

    \25\ 12 U.S.C 1430(j)(3).     \26\ 12 CFR 1291.5(d)(5)(i), (ii).     \27\ 12 U.S.C 1430(j)(9)(B). ---------------------------------------------------------------------------

    There are a number of benefits associated with the current scoring system. It establishes a degree of uniformity among various scoring criteria that all of the Banks must include, thereby prioritizing certain pressing affordable housing needs existing throughout the country, and facilitating project sponsors' applications for AHP subsidy at multiple Banks. In addition, it provides flexibility for the Banks in how they allocate the points beyond the required minimums to target specific housing needs in their districts, the ability to

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choose which types of populations to target within certain scoring criteria, and the ability to include other district housing needs selected by the Banks, which may be allocated up to half of all points.     After considering input from Bank CIOs and stakeholders, FHFA believes that the Banks may be able to more effectively target specific housing needs in their districts through a more flexible scoring system. FHFA considered how to incorporate in the regulation greater flexibility for the Banks to design their own scoring systems, while at the same time to ensure that FHFA is establishing priorities for the use of the AHP funds as required by the statute. FHFA believes that the proposed rule would achieve an appropriate balance between these two objectives by authorizing the Banks to design their own scoring systems, subject to each Bank's AHP awards under its scoring system meeting specific outcome requirements established by FHFA in the regulation. The Banks would be required to demonstrate satisfaction of the outcome requirements each year. FHFA notes that comparable housing ***programs*** (e.g , HUD's HOME Investment Partnerships ***Program*** and Housing Opportunities for Persons with HIV/AIDS) are administered pursuant to outcome-based evaluation criteria. The proposed AHP outcome requirements are further discussed below. Statutory Priorities for Government Properties and Project Sponsorship     Proposed Sec.  1291.48(a) would require that, each year, each Bank must award at least 55 percent of the total AHP funds allocated to its General Fund and any Bank Targeted Funds to projects that meet the priority for the use of donated or conveyed government-owned or other properties (``government properties priority''), or the priority for projects sponsored by a not-for-profit organization or government entity (``project sponsorship priority''). These priorities, which correspond to those established by the Bank Act,\28\ would be retained unchanged from current Sec.  1291.5(d)(5)(i), (ii). While certain projects may meet both of these priorities, any awards counted towards meeting one of the priorities could not also be counted towards meeting the other priority, in order not to distort the calculation of the 55 percent. ---------------------------------------------------------------------------

    \28\ 12 U.S.C 1430(j)(3)(B), (C). ---------------------------------------------------------------------------

    Under the proposed standard, a Bank could satisfy the outcome requirement if it awarded 55 percent or more of total funds to projects meeting one of the priorities, and none to the other priority. FHFA considered requiring a Bank to award a specified minimum percentage of total funds to each priority. However, in the ***Program***'s experience, a relatively limited number of projects satisfy the government properties priority. During the period 2012 through 2016, for example, only 2.5 percent of total AHP funds were awarded to projects that used properties meeting the government properties priority. Most AHP projects currently meet the project sponsorship priority. Accordingly, FHFA expects that the overwhelming majority of projects that would satisfy the proposed outcome requirement would do so by meeting the project sponsorship priority.     FHFA also considered requiring a Bank to award at least 55 percent of its required annual AHP contribution (which includes the funds allocated not only to its General Fund and any Bank Targeted Funds but also to any Bank Homeownership Set-Aside ***Programs***) to these two statutory priorities. FHFA anticipates that most Banks will take advantage of the opportunity to expand their allocations of AHP funds to their Homeownership Set-Aside ***Programs*** if the proposed increase in the annual set-aside allocation from 35 to 40 percent is adopted in the final rule. However, grant recipients under the Homeownership Set-Aside ***Program*** are households, not project sponsors, and therefore cannot meet the project sponsorship priority. In addition, the households generally do not purchase government properties. Thus, funds awarded under Homeownership Set-Aside ***Programs*** generally could not be counted towards meeting these statutory priorities. To enable the Banks to take full advantage of the proposed higher set-aside allocation, the proposed rule would limit this proposed outcome requirement to 55 percent of total funds allocated to the General Fund and any Bank Targeted Funds. Statutory Priority for Purchase of Homes by Low- or Moderate-Income Households     Proposed Sec.  1291.48(b) would require that, each year, each Bank must award at least 10 percent of its annual required AHP contribution to low- or moderate-income households, or to projects targeting such households, for the purchase by such households of homes under any or some combination of the Bank's General Fund, any Bank Targeted Funds, and any Bank Homeownership Set-Aside ***Programs***. This is consistent with the priority in the Bank Act for the purchase of homes by low- or moderate-income families (``home purchase priority'').\29\ ---------------------------------------------------------------------------

    \29\ 12 U.S.C 1430(j)(3)(A). ---------------------------------------------------------------------------

    Based on the Banks' widespread use of Homeownership Set-Aside ***Programs*** since their authorization, the home purchase priority has been consistently prioritized by the Banks, and FHFA expects this to continue given the continuing and significant demand by households for set-aside funds for home purchases. However, because the establishment of Homeownership Set-Aside ***Programs*** is optional for the Banks, and under the proposed regulatory priorities outcome requirements discussed below, a Bank would have discretion not to choose home purchase as a housing need in its scoring system, the proposed rule would require that at least 10 percent of a Bank's annual required AHP contribution be awarded to home purchases by low- or moderate-income households.     FHFA specifically requests comments on whether 10 percent of a Bank's annual required AHP contribution constitutes sufficient prioritization for the home purchase priority or whether the percentage should be higher or lower. Regulatory Priority for Very Low-Income Targeting for Rental Units     The proposed rule would establish an outcome requirement for a regulatory priority for very low-income targeting for rental units. Proposed Sec.  1291.48(c) would provide that, each year, each Bank must ensure that at least 55 percent of all rental units in rental projects receiving AHP awards under the Bank's General Fund and any Bank Targeted Funds are targeted to very low-income households (households with incomes at or below 50 percent of AMI). Targeting for very low- income renters is prioritized in the current regulation through the income-targeting scoring criterion.\30\ The proposed rule would maintain a priority for such households through this proposed income- targeting outcome approach. ---------------------------------------------------------------------------

    \30\ 12 CFR 1291.5(d)(5)(iii). ---------------------------------------------------------------------------

    FHFA specifically requests comments on the utility of this proposed outcome approach, including whether the proposed 55 percent threshold, applicability solely to rental units, and income-targeting at 50 percent of AMI are appropriate.

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Regulatory Priorities for Underserved Communities and Populations; Creating Economic Opportunities; and Affordable Housing Preservation     Proposed Sec.  1291.48(d) would establish outcome requirements for three regulatory priorities for housing needs that FHFA considers current and pressing throughout the country. These regulatory priorities are underserved communities and populations; creating economic opportunities; and affordable housing preservation. The proposed outcome requirements for these regulatory priorities would satisfy the statutory requirement that FHFA establish priorities for the use of the AHP funds. Each regulatory priority would comprise a number of specified housing needs identified by FHFA, some of which are in the current regulation. FHFA could also identify other specific housing needs under the regulatory priorities by separate guidance, as new housing needs arise.     The proposed rule would provide that, every year, each Bank shall ensure that at least 55 percent of the Bank's required annual AHP contribution is awarded under the Bank's General Fund and any Bank Targeted Funds to projects that, in the aggregate, meet at least two of the three regulatory priorities by meeting one or more of the specified housing needs included under the regulatory priority, and awarding at least 10 percent of the funds to projects meeting each of such regulatory priorities. If an awarded project meets more than one of the regulatory priorities, it may be counted towards meeting only one of them. If an awarded project meets more than one specified housing need under a regulatory priority, it may be counted towards meeting only one of those housing needs. In addition, an award to a project may not be counted towards meeting a regulatory priority unless the specified housing need that it meets is identified in the Bank's Targeted Community Lending ***Plan*** as an affordable housing need the Bank indicated it would address through its AHP scoring criteria.     The specified housing needs proposed under each regulatory priority are described below. 1. Underserved Communities and Populations Housing for Homeless Households     The current regulation includes housing for homeless households as a mandatory scoring criterion. The proposed rule would retain this housing need under this proposed regulatory priority, but increase the minimum threshold for the number of units reserved for homeless households from 20 to 50 percent to encourage projects dedicated to serving the needs of homeless households. FHFA specifically requests comments on whether this proposed increase is appropriate. Housing for Special Needs Populations     The current regulation includes housing for special needs populations as one of the eligible housing needs under the Bank First District Priority. The proposed rule would retain this housing need under this proposed regulatory priority, with the following changes. The proposed rule would include only projects that provide supportive services or access to supportive services for the specific special needs populations being served.     These populations have special needs associated with their particular life circumstances that could be addressed by targeted supportive services. Research by the Corporation for Supportive Housing estimates that 1.1 million homes are required for people with special needs, not including the need for units for households experiencing homelessness.\31\ The proposed rule also would increase the minimum threshold for the number of units reserved for households with a specific special need from 20 to 50 percent to encourage projects dedicated to serving these populations. FHFA specifically requests comments on whether this proposed increase is appropriate. ---------------------------------------------------------------------------

    \31\ [*http://www.csh.org/wp-content/uploads/2016/10/Total-10-12-16.pdf*](http://www.csh.org/wp-content/uploads/2016/10/Total-10-12-16.pdf) ---------------------------------------------------------------------------

    The proposed rule would continue to include the elderly, persons recovering from physical abuse or alcohol or drug abuse, persons with AIDS, persons with disabilities, and housing that is visitable by persons with physical disabilities who are not occupants of such housing as special need populations. The proposed rule would expand the list of special needs populations to include formerly incarcerated persons; victims of domestic violence, dating violence, sexual assault or stalking; and unaccompanied youth. These populations could particularly benefit from housing with supportive services targeted to address their specific needs.     In addition, the proposed rule would update the reference to ``persons with AIDS'' to ``persons with HIV/AIDS'' to more closely align it with common nomenclature and in recognition of the fact that persons with HIV experience comparable housing needs to persons with AIDS. The term ``mentally or physically disabled persons'' in the current regulation would similarly be updated to ``persons with disabilities,'' to reflect more commonly acceptable terminology. Housing for Other Targeted Populations     The proposed rule would also include housing for other targeted populations under this proposed regulatory priority. In contrast to housing for special needs populations, this housing need would include housing that does not necessarily provide supportive services or access to supportive services, as there are specific populations in need of housing who may not require such services. The proposed rule would include as other targeted populations--***agricultural*** workers, military veterans, persons with disabilities, Native Americans, multi- generational households, and households requiring large units. The proposed rule would set the minimum threshold for the number of units reserved for such targeted populations at 50 percent to encourage projects dedicated to serving the needs of these populations. FHFA specifically requests comments on whether the proposed minimum 50 percent threshold is appropriate.     The inclusion of ***agricultural*** workers and Native Americans would align with other FHFA goals and ***programs***, specifically, FHFA's Duty to Serve regulation that applies to Fannie Mae and Freddie Mac, under which ***agricultural*** workers and Native Americans are identified as high- needs rural populations.\32\ ***Agricultural*** workers face significant housing challenges due in large part to their low income levels.\33\ Migrant and seasonal ***agricultural*** workers often have difficulty finding adequate housing and are likely to live in over-crowded conditions.\34\ Native Americans also have significant housing needs. According to the U.S Interagency Council on the Homeless, nearly one in

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five people residing on tribal lands live in overcrowded conditions. Native Americans also disproportionally live in shelters relative to their population size.\35\ ---------------------------------------------------------------------------

    \32\ See generally, 12 CFR part 1282.     \33\ Sixteen percent of workers earned less than $10,000 from ***agricultural*** employment during the previous calendar year, 33 percent had earnings of $10,000 to $19,999, 22 percent earned 20,000 to 29,999, and eight percent earned $30,000 or more. Sixteen percent of respondents reported no income from ***agricultural*** employment the previous year. See [*https://www.doleta.gov/naws/pages/research/docs/NAWS\_Research\_Report\_12.pdf*](https://www.doleta.gov/naws/pages/research/docs/NAWS_Research_Report_12.pdf)     \34\ Crowding is often an issue within ***agricultural*** worker housing, as an estimated 31 percent of non-dormitory/barrack-style farmworker housing units are crowded--meaning there is more than one occupant per room, excluding bathrooms. This estimate is over six times the national rate of crowded housing units. ***Agricultural*** workers and their families are also more likely to encounter pesticide-related environmental hazards when compared to other populations.   [*http://www.ruralhome.org/storage/documents/farmworkers.pdf*](http://www.ruralhome.org/storage/documents/farmworkers.pdf)     \35\   [*https://www.usich.gov/resources/uploads/asset\_library/Expert\_Panel\_on\_Homelessness\_among\_American\_Indians%2C\_Alaska\_Natives%2C\_and\_Native\_Hawaiians.pdf*](https://www.usich.gov/resources/uploads/asset_library/Expert_Panel_on_Homelessness_among_American_Indians%2C_Alaska_Natives%2C_and_Native_Hawaiians.pdf) ---------------------------------------------------------------------------

    Persons with disabilities would be included as other targeted populations in recognition of the benefits that features such as wheelchair-accessibility and enhancements for people with visual or hearing impairments can provide so that persons with disabilities can live independently.     Military veterans would be included as other targeted populations due to their significant housing needs. The Veterans Administration's January 2017 Point in Time counted over 40,000 veterans who were experiencing homelessness on a single night in January 2017. Further, there has been a 1.5 percent increase in the estimated number of homeless veterans nationwide since 2016.\36\ ---------------------------------------------------------------------------

    \36\ [*https://www.va.gov/HOMELESS/pit\_count.asp*](https://www.va.gov/HOMELESS/pit_count.asp) ---------------------------------------------------------------------------

    Households requiring large units would be included as other targeted populations in light of the scarcity of affordable 3-, 4- and 5-bedroom unit apartments required to adequately house large households, for example, families with more than three children or with several related adult members.     Finally, multi-generational households would be included as other targeted populations because of their special housing needs. For example, grandparents raising grandchildren may benefit from housing that includes features of elderly projects (such as handrails in bathrooms and hallways) as well as features of family housing (such as outdoor play spaces). Housing in Rural Areas     The current regulation includes housing in rural areas as one of the eligible housing needs under the Bank First District Priority, and the Banks have discretion to define ``rural area.'' The proposed rule would retain this housing need under this regulatory priority, but would define ``rural area'' according to the definition in FHFA's Duty to Serve regulation in order to align with other FHFA goals and ***programs***.\37\ Rural populations generally experience significant and particularized housing needs. According to data in the Housing Assistance Council's Rural Data Portal, the poverty rate for individuals in rural areas is 17.7 percent, compared to 15.4 percent for individuals in the United States as a whole.\38\ The Harvard Joint Center for Housing Studies' report, America's Rental Housing 2017, notes that despite the fact that housing costs tend to be lower in rural areas, 40 percent of rural renters across the country are cost burdened.\39\ ---------------------------------------------------------------------------

    \37\ 12 CFR 1282.1     \38\ [*http://www.ruraldataportal.org/search.aspx*](http://www.ruraldataportal.org/search.aspx)     \39\   [*http://www.jchs.harvard.edu/americas-rental-housing*](http://www.jchs.harvard.edu/americas-rental-housing). ---------------------------------------------------------------------------

Rental Housing for Extremely Low-Income Households     The proposed rule would include rental projects in which at least 20 percent of the units are reserved for extremely low-income households under this proposed regulatory priority. A definition of ``extremely low-income household'' would be added in Sec.  1291.1 to mean a household with an income at or below 30 percent of AMI. According to HUD's 2017 Worst Case Housing Needs Report to Congress, households at the extremely low-income level have severe challenges in obtaining affordable housing. The report notes that only 38 of every 100 affordable units are available for extremely low-income renters, and that the vacancy rate for units affordable to renters with extremely low incomes was less than 4 percent.\40\ ---------------------------------------------------------------------------

    \40\ See [*https://www.huduser.gov/portal/sites/default/files/pdf/Worst-Case-Housing-Needs.pdf*](https://www.huduser.gov/portal/sites/default/files/pdf/Worst-Case-Housing-Needs.pdf) ---------------------------------------------------------------------------

    This housing need would be measured in dollars awarded to AHP projects in which at least 20 percent of the units are reserved for extremely low-income households to conform to the other housing needs under this proposed regulatory priority, which are also measured in dollars. In contrast, the regulatory priority in proposed Sec.   1291.48(c) for very low-income targeting for rental units, described above, would be measured in the number of rental units reserved for very low-income households. FHFA specifically requests comments on whether the proposed 20 percent minimum threshold for units reserved for extremely low-income households is appropriate. 2. Creating Economic Opportunity Promotion of Empowerment     The current regulation includes promotion of empowerment as a mandatory scoring criterion. The proposed rule would retain this housing need under this proposed regulatory priority, with the following changes. The proposed rule would add to the list of empowerment services--child care; adult daycare services; afterschool care; tutoring; health services; and workforce preparation and integration.     The current regulation includes daycare as an eligible empowerment service. The proposed rule would replace daycare with child care, which encompasses daycare but is broader in that it includes ***programs*** offered not only during the day but outside of work hours and during summers, and ***programs*** that target older children. Residents of AHP projects may benefit from having such ***programs*** for their children depending on their work schedules and other commitments, thereby enabling them to work and improve their economic situations. Where child care ***programs*** are education-based, they may enhance the future economic opportunities of the children residing in AHP projects.     The proposed rule would add adult daycare services as an eligible empowerment service. These services can assist residents in AHP projects who may be caring for parents, or adult children with disabilities, who require supervised care so that the residents may work outside of the home.     Afterschool care would be added as an eligible empowerment service in recognition of the benefits of supervised afterschool ***programs*** for children and teens residing in AHP projects. For example, these ***programs*** may increase younger residents' future economic opportunities by assisting with schoolwork, encourage interest in the arts or community service, or teach job skills. Further, adult residents may benefit from the knowledge that their children are supervised in the hours before they return from work.     Tutoring would be included as an eligible empowerment service in light of the benefits that supplemental academic assistance may provide to children and teens for educational attainment. Tutoring may also be beneficial to adult residents who require tutoring in basic remedial education or English for limited-English-proficiency residents, for example, in order to obtain or retain work.     Health services would be added as an eligible empowerment service based on the research demonstrating the benefits of integrating health services into affordable housing, thereby enabling residents to stay healthy and continue to work. For example, early findings from a three- year research study by the Center for Outcomes Research and Education and Providence Health and Services in 145 affordable housing projects in Oregon found that integration of health care services (including access to healthy food, health care, nutrition counseling, and mental and behavioral health services) led to a

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12 percent decrease in health costs per resident per month.\41\ ---------------------------------------------------------------------------

    \41\ See [*https://www.nhchc.org/wp-content/uploads/2016/06/linking-health-and-housing-improving-resident-health-and-reducing-health-care-costs-through-affordable-housing-saul.pdf*](https://www.nhchc.org/wp-content/uploads/2016/06/linking-health-and-housing-improving-resident-health-and-reducing-health-care-costs-through-affordable-housing-saul.pdf) ---------------------------------------------------------------------------

    Finally, workforce preparation and integration services would be included as eligible empowerment services because of the benefit that these ***programs*** may yield to residents to obtain and retain work. Workforce integration services may help residents with disabilities obtain and retain jobs. Workforce preparation may assist residents with no previous work experience in obtaining skills helpful to securing a job, such as interviewing techniques or other communication techniques, and skills necessary to retain work, such as conflict resolution strategies. Residential Economic Diversity     The current regulation includes economic diversity as one of the eligible housing needs under the Bank First District Priority. The proposed rule would retain this housing need as empowerment, but would refer to it as ``residential economic diversity'' to align with the usage in FHFA's Duty to Serve regulation and would define it in accordance with the Duty to Serve definition and FHFA's Duty to Serve Evaluation Guidance. 3. Affordable Housing Preservation Affordable Rental Housing Preservation     The current regulation does not include any scoring criteria specifically for affordable rental housing preservation, but some Banks have included this housing need under their Bank Second District Priority. The proposed rule would include this housing need under the this proposed regulatory priority, and would include the specific affordable rental housing preservation ***programs*** and housing needs identified in FHFA's Duty to Serve regulation in order to align with related FHFA goals and ***programs***. These are:     (a) Rental housing with energy or water efficiency improvements;     (b) Section 8. The project-based and tenant-based rental assistance housing ***programs*** under section 8 of the U.S Housing Act of 1937; \42\ ---------------------------------------------------------------------------

    \42\ 42 U.S.C 1437f. ---------------------------------------------------------------------------

    (c) Section 236. The rental and cooperative housing ***program*** for lower income families under section 236 of the National Housing Act; \43\ ---------------------------------------------------------------------------

    \43\ 12 U.S.C 1715z-1. ---------------------------------------------------------------------------

    (d) Section 221(d)(4). The housing ***program*** for moderate-income and displaced families under section 221(d)(4) of the National Housing Act; \44\ ---------------------------------------------------------------------------

    \44\ 12 U.S.C 1715l. ---------------------------------------------------------------------------

    (e) Section 202. The supportive housing ***program*** for the elderly under section 202 of the Housing Act of 1959; \45\ ---------------------------------------------------------------------------

    \45\ 12 U.S.C 1701q. ---------------------------------------------------------------------------

    (f) Section 811. The supportive housing ***program*** for persons with disabilities under section 811 of the Cranston-Gonzalez National Affordable Housing Act; \46\ ---------------------------------------------------------------------------

    \46\ 42 U.S.C 8013. ---------------------------------------------------------------------------

    (g) McKinney-Vento Homeless Assistance. Permanent supportive housing projects subsidized under Title IV of the McKinney-Vento Homeless Assistance Act; \47\ ---------------------------------------------------------------------------

    \47\ 42 U.S.C 11361, et seq. ---------------------------------------------------------------------------

    (h) Section 515. The rural rental housing ***program*** under section 515 of the Housing Act of 1949; \48\ ---------------------------------------------------------------------------

    \48\ 42 U.S.C 1485. ---------------------------------------------------------------------------

    (i) Low-income housing tax credits. Low-income housing tax credits under section 42 of the Internal Revenue Code of 1986; \49\ and ---------------------------------------------------------------------------

    \49\ 26 U.S.C 42. ---------------------------------------------------------------------------

    (j) Other comparable state or local affordable housing ***programs***. Affordable Homeownership Preservation     The current regulation does not include scoring criteria specifically for affordable homeownership preservation, but some Banks have included this housing need, e.g , housing with energy efficiency features, under their Bank Second District Priority. The proposed rule would include this housing need under this proposed regulatory priority, and would specify certain affordable preservation ***programs*** that are included in FHFA's Duty to Serve regulation--shared equity homeownership ***programs*** and owner-occupied housing with energy or water efficiency improvements.     FHFA specifically requests comments on whether the three proposed regulatory priorities--underserved communities and populations, creating economic opportunities, and affordable housing preservation-- constitute significant housing priorities that should be included in the regulation, or whether other housing priorities should be included. FHFA also requests comments on whether the specified housing needs identified under each regulatory priority, or other specific housing needs, should be included in the regulation. Annual Report     Proposed Sec.  1291.48(e) would require each Bank to submit an annual report to FHFA demonstrating the Bank's compliance with the outcome requirements. Proposed Sec.  1291.49 Determination of Compliance With Outcome Requirements; Notice of Determination     Under proposed Sec.  1291.49, the Director of FHFA would be required to determine annually each Bank's compliance with the outcome requirements for the statutory and regulatory priorities under proposed Sec.  1291.48 Proposed Sec.  1291.49 would establish procedures, including time periods, for the compliance determination process. These procedures would include issuance of a notice of preliminary determination, an opportunity for the Bank to respond, and issuance of a final determination and whether compliance was feasible, taking into consideration market and economic conditions and the financial condition of the Bank. These proposed procedures are generally analogous to those in the Enterprise Housing Goals regulation.\50\ ---------------------------------------------------------------------------

    \50\ 12 CFR 1282.21 ---------------------------------------------------------------------------

Requests for Comments on Current Regulatory Scoring System     As discussed above, in determining whether to revise the current AHP regulatory scoring system, FHFA considered how the current mandatory and discretionary scoring criteria address housing priorities established by FHFA and impact the Banks' ability to address specific housing needs in their districts. FHFA requests comments on whether the Banks have sufficient flexibility under the current scoring system to target specific housing needs in their districts, including awarding subsidy to address multiple housing needs in a single AHP funding period. If they do, FHFA requests comments on whether the current regulatory scoring system should be maintained without change, or whether any of the current mandatory scoring criteria and minimum required point allocations should be modified to reflect other specific housing needs. FHFA also requests comments on whether the Bank First and Second District Priorities should be combined and the list of housing needs in the Bank First District Priority eliminated. FHFA notes that the Banks do not currently allocate the full 45 points available to their Bank Second District Priority, and they include multiple housing needs under this Priority, resulting in no one housing need effectively receiving priority under the current scoring system.

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Subpart F--Monitoring

Proposed Sec.  1291.50 Monitoring Under General Fund and Targeted Funds     The Bank Act requires the AHP regulation to ensure that adequate long-term monitoring is available to guarantee that affordability standards and other AHP requirements are satisfied.\51\ The Bank Act also requires the AHP regulation to coordinate AHP activities with other Federal or federally-subsidized affordable housing activities to the maximum extent possible.\52\ The current regulation's requirements for long-term monitoring of AHP rental projects are based on those statutory provisions. ---------------------------------------------------------------------------

    \51\ 12 U.S.C 1430(j)(9)(C).     \52\ 12 U.S.C 1430(j)(9)(G). ---------------------------------------------------------------------------

    Specifically, the current regulation requires the Banks to adopt written policies for monitoring projects and households awarded AHP subsidies under both the Competitive Application ***Program*** and Homeownership Set-Aside ***Programs***.     For initial monitoring under the Competitive Application ***Program***, the regulation requires the Banks to monitor owner-occupied and rental projects prior to, and within a reasonable period after, project completion by:      Reviewing documentation to determine whether AHP eligibility requirements have been satisfied, services and activities committed in the approved AHP application have been provided, and AHP retention agreements are in place; and      Reviewing back-up project documentation (such as rent rolls and households' W-2 forms) on a risk-based sampling basis, of household incomes and rents maintained by the project sponsors to verify that the household incomes and rents comply with the commitments in the approved AHP applications. In practice, for initial monitoring, the Banks review the project sponsor documentation and rent rolls at initial monitoring, and review other back-up documentation on a risk- basis.     For long-term monitoring under the Competitive Application ***Program***, the regulation generally requires the Banks to monitor completed AHP rental projects commencing in the second year after project completion to determine, at a minimum, whether household incomes and rents comply with the income targeting and rent commitments in the approved AHP applications during the AHP 15-year retention period by:      Reviewing annual project owner certifications of household incomes and rents for compliance with the AHP application commitments, which may be reviewed on a risk-based sampling basis; and      Reviewing back-up project documentation for incomes and rents, including project rent rolls, maintained by the project owner, which may also be reviewed on a risk-based sampling basis pursuant to the Bank's risk-based sampling ***plan***.

In practice, for long-term monitoring, the Banks review all of the annual project sponsor certifications but review the rent rolls and other back-up documentation on a risk basis.     The regulation provides that a Bank's written monitoring policies must take into account risk factors such as the amount of AHP subsidy in the project, type of project, size of project, location of project, sponsor experience, and any monitoring of the project provided by a federal, state, or local government entity.     The regulation permits the Banks to develop and implement reasonable sampling ***plans*** to monitor rental projects that receive subsidies under the Competitive Application ***Program*** as well as households that receive subsidies under the Homeownership Set-Aside ***Program***. The regulation permits the Banks to use the sampling ***plans*** to monitor back-up documentation of household incomes and rents. The regulation does not permit the use of sampling ***plans*** for monitoring member certifications under the Homeownership Set-Aside ***Program***.     The regulation makes some exceptions to the long-term monitoring requirements for certain types of AHP rental projects. Specifically, for AHP projects that also receive LIHTC, the Banks may rely on the long-term monitoring of LIHTC household incomes and rents performed by state-designated housing credit agencies that administer LIHTC, and the Banks do not have to review any monitoring documentation.     The regulation also makes an exception to the long-term monitoring requirements for AHP rental projects that received funds from federal, state, or local government entities provided the Bank is able to demonstrate the following: (1) The compliance profile of the ***program*** is substantively equivalent to AHP requirements; (2) the governmental entity has the ability to monitor the project; (3) the governmental entity agrees to provide reports to the Bank on the project's incomes and rents for the full AHP 15-year retention period; and (4) the Bank reviews the reports from the governmental entity to confirm compliance with its monitoring policies. However, this monitoring option has not proved feasible for the Banks.     Initial monitoring of AHP projects receiving LIHTC. The proposed rule would retain the initial monitoring requirement that the Banks review certifications from LIHTC project sponsors that the residents' incomes and the rents comply with the income-targeting and rent commitments in the approved AHP application. The proposed rule would also include a requirement, consistent with Bank practice, that the Banks review the project's rent rolls. However, the proposed rule would remove the requirement that the Banks review other back-up documentation on incomes and rents at initial monitoring for LIHTC projects. The proposed rule would also streamline the LIHTC monitoring provisions for greater conciseness.     In 2016, 51 percent of AHP projects received LIHTC allocations, comprising 62 percent of total AHP competitive funds awarded. The current regulation has allowed the Banks to rely on the long-term monitoring of LIHTC projects by state-designated housing tax credit allocation agencies since 2006 because the LIHTC income, rent, and long-term retention period requirements are the same as or substantially equivalent to those of the AHP, and because LIHTC projects rarely go out of compliance with those requirements. As noted by some stakeholders, the same analysis for long-term monitoring of LIHTC projects could be applied to initial monitoring of LIHTC projects and, therefore, the Banks should also be permitted to rely at initial monitoring upon the income and rent monitoring performed by the state- designated tax credit allocation agencies.     The initial rationale for allowing the Banks to rely on monitoring of LIHTC projects by the state-designated tax credit allocation agencies continues to hold true--the LIHTC income, rent, and long-term retention period requirements are substantially equivalent to those of the AHP, the state-designated tax credit allocation agencies monitor the projects, and LIHTC projects rarely go out of compliance with the income and rent requirements.\53\ Further, multiple

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parties retain a strong incentive to monitor LITHC projects for income and rent compliance. ---------------------------------------------------------------------------

    \53\ A minimum of 40 percent of units in an LIHTC project must be affordable to tenants earning 60 percent of AMI, or a minimum of 20 percent of units in an LIHTC project must be affordable to tenants earning 50 percent of AMI. However, the vast majority of LIHTC units serve residents at 50 percent of AMI or below. A HUD report published in December 2016, Data on Tenants in LIHTC Units as of December 31, 2014, indicates that the median income for LIHTC households was $17,152. Of all LIHTC units, 81 percent serve households at 50 percent of AMI or below, while 11 percent serve households between 50.1 percent and 60 percent of AMI. See [*https://www.huduser.gov/portal/publications/LIHTCTenantReport-2014.html*](https://www.huduser.gov/portal/publications/LIHTCTenantReport-2014.html) Further, LIHTC projects rarely go out of compliance, with analysis showing that the average LIHTC investor has realized 98 percent of its promised credits, and a cumulative foreclosure rate for 9 percent credits between 1986 and 2014 at 0.04 percent. See A CohnReznick Webinar, The Low Income Housing Tax Credit ***Program*** at Year 30: A Performance Update, January 21, 2016. Slides 24 and 35.   [*http://ahic.org/images/downloads/Research\_and\_Education/cohnreznick\_lihtc\_performance\_study.pdf*](http://ahic.org/images/downloads/Research_and_Education/cohnreznick_lihtc_performance_study.pdf) Finally, LIHTC carries more stringent retention requirements than the AHP. LIHTC projects must remain affordable for an initial 15-year retention period, and an additional 15-year extended use period. ---------------------------------------------------------------------------

    LIHTC project owners bear responsibility for ensuring that their projects comply with the ***program***'s income, rent, and retention period requirements. The owners face severe consequences for noncompliance, which serve as a substantial deterrent to noncompliance. Because LIHTC investors cannot receive the benefits of the tax credits for units that are not in compliance, LIHTC project owners guarantee to their investors that their projects remain in compliance, or must repay investors the amount of tax credits lost plus any penalties or interest levied by the Internal Revenue Service.     LIHTC projects are monitored not only by the state-designated tax credit allocation agencies, but also annually by the LIHTC project owners and LIHTC investors. LIHTC project owners must certify the income of each household at move-in, and must re-certify the income of each household annually.     As noted above, the Banks currently may review LIHTC back-up documentation at initial monitoring on a risk basis. Given the low risks of noncompliance by LIHTC projects, the Banks can establish review schedules for the back-up documentation that are not especially burdensome. For example, a Bank might choose to review LIHTC back-up documentation once or twice during the project's 15-year AHP retention period. Although the administrative burden on the project sponsors to provide, and the Banks to review, LIHTC back-up documentation may not be significant, FHFA believes that eliminating this monitoring requirement would benefit the Banks and project sponsors by reducing their administrative costs.     Notice Requirement for LIHTC Project Noncompliance during AHP Retention Period. Notwithstanding the infrequent instances of LIHTC project noncompliance, in the event of such noncompliance during the AHP 15-year retention period, a Bank likely would not become aware of the noncompliance because the Banks do not monitor LIHTC projects during the retention period. FHFA is proposing to add a requirement, as discussed under proposed Sec.  1291.15(a)(5)(ii) above, that members' monitoring agreements with project sponsors and owners require such parties to provide prompt written notice to the Bank if the LIHTC project goes out of compliance with the applicable LIHTC income- targeting or rent requirements during the AHP 15-year retention period. The proposed rule would add a corresponding requirement in the monitoring section of the regulation that the Banks must review LIHTC project noncompliance notices received from project sponsors or owners during the AHP 15-year retention period. In this way, the Banks would become aware of any noncompliance and could take remedial actions with respect to the project.     The proposed rule would not require that the Bank's AHP agreement with the member or project sponsor or owner include a provision for the project sponsor or owner to send written notice of noncompliance with other government ***programs*** to the Banks. As discussed below, the Banks would be receiving other information that would help inform them of potential or actual project noncompliance. The Banks would be required to obtain information from project sponsors or owners on their projects' compliance with these other government ***programs***, as well as the projects' on-going financial viability (``enhanced certifications''), which the Banks obtain currently but to varying degrees. The Banks would also continue to review annual project sponsor certifications. In addition, the noncompliance rates for projects under these other government ***programs*** are low.     Initial and long-term monitoring of AHP projects funded by certain other government ***programs*** specified in FHFA guidance. The proposed rule would also provide that, for AHP projects funded by certain other government ***programs*** specified in separate FHFA guidance, the Banks would only be required to review project sponsor certifications and rent rolls, and not any other back-up documentation, at initial monitoring. For long-term monitoring, the Banks would only be required to review annual project sponsor certifications on incomes and rents, and would not be required to review any back-up documentation for incomes and rents, including rent rolls. FHFA would include in the guidance only government ***programs*** that have the same or substantially equivalent rent, income, and retention period requirements as the AHP, very low occurrences of noncompliance with those requirements, and where the monitoring entity has demonstrated and continues to demonstrate its ability to monitor the ***program***. The proposed rule would specify that other compatible government ***programs***, for monitoring purposes, will be set forth in FHFA guidance. FHFA will employ the guidance to remain current with federal ***program*** developments.     The FHFA guidance initially would specify the following federal government ***programs*** as eligible for this reduced monitoring:     [cir] HUD Section 202 ***Program*** for the Elderly;     [cir] HUD Section 811 ***Program*** for Housing the Disabled;     [cir] USDA Section 515 Rural Multifamily ***Program***; and     [cir] USDA Section 514 Farmworker Multifamily ***Program***.     Stakeholders requested that FHFA allow the Banks to rely upon the income qualification tests performed by USDA Rural Development and HUD- funded projects at initial monitoring. Further, stakeholders requested that FHFA allow a Bank, in its discretion, for purposes of long-term monitoring, to rely upon the monitoring conducted by HUD and USDA Rural Development, as the Banks are currently allowed to rely on the monitoring of the agency administering LIHTC.     In 2016, approximately two-thirds of AHP projects received funding from other federal ***programs***. FHFA analyzed the extent to which AHP projects also receive subsidies from HUD and USDA ***programs*** to determine the extent to which Banks could conceivably rely on HUD and USDA monitoring for these projects. In 2016, 26 percent of AHP projects received HOME Investment Partnerships ***Program*** (HOME) financing, 8 percent received Community Development Block Grant (CDBG) funds, and 12 percent received other federal financing, including from USDA. FHFA then analyzed HUD and USDA ***programs*** to determine which ***programs*** have substantially equivalent rent, income, and retention requirements to the AHP, very low noncompliance rates, and where the monitoring entity has demonstrated and continues to demonstrate its ability to monitor the ***program***. These ***programs*** are further discussed below.     HUD Section 202 and 811 ***Programs***. The income, rent and retention period standards for HUD's Section 202 ***Program*** for the Elderly and Section 811

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for Housing the Disabled meet or exceed the AHP standards.\54\ Further, HUD monitors eligibility for rental assistance on an annual basis, and has demonstrated and continues to demonstrate its ability to monitor the ***programs***. The Banks have indicated to FHFA that in their experience, there are very low or no instances of noncompliance with AHP-funded Section 202 or Section 811 projects. Congress has not appropriated capital advances for the Sections 202 and 811 ***programs*** since 2011. Thus, the proposed reduction in monitoring would only apply to Section 202 and 811 projects in the Banks' existing portfolios or to Section 202 or 811 projects seeking rehabilitation funding. ---------------------------------------------------------------------------

    \54\ Section 811 projects are funded by a capital advance that requires a project to be occupied only by very low-income persons with disabilities (at or below 50 percent of AMI). Section 202 projects must be occupied by low- or very low-income elderly people. In 2017, 98% of households in Section 811 units had incomes at or below 50 percent of AMI. See [*https://www.huduser.gov/portal/datasets/assthsg.html*](https://www.huduser.gov/portal/datasets/assthsg.html) Residents of Section 202 and 811 ***programs*** pay 30 percent or less of their monthly adjusted income for rent. These requirements are the same, and in some cases more stringent, than the AHP's 30 percent of income standard for rents. See Section 811 Supportive Housing for Persons with Disabilities Handbook (4571.2)   [*https://www.hud.gov/sites/documents/45712C1HSGH.PDF*](https://www.hud.gov/sites/documents/45712C1HSGH.PDF) and HUD Handbook 4571.3 In both the Section 202 and 811 ***programs***, the affordability term is 40 years. HUD has demonstrated the ability to monitor both Section 202 and Section 811 projects. The low default rates in both these ***programs*** are indicative that that HUD's monitoring has been effective. See 811 Operating Costs Needs, Ken Lam, Jill Khadduri, March 2007,   [*https://www.huduser.gov/portal/publications/pubasst/Sec\_202\_811.html*](https://www.huduser.gov/portal/publications/pubasst/Sec_202_811.html), and Brauner, Bill, (2016) A First Look at Supportive Housing for the Elderly (Section 202) Housing in Massachusetts and Haley, Barbara and Robert Gray (June, 2008) Section 202 Supportive Housing for the Elderly: ***Program*** Status and Performance Measurement,   [*https://www.huduser.gov/portal/publications/sec\_202\_1.pdf*](https://www.huduser.gov/portal/publications/sec_202_1.pdf) ---------------------------------------------------------------------------

    USDA Section 515 and 514 ***Programs***. There are some differences in the income-eligibility and rent requirements between the Section 515 rural multifamily projects and Section 514 farmworker multifamily projects and those of the AHP. However, in practice, the household incomes served and rents are substantially similar to the AHP standards.\55\ Further, USDA has demonstrated and continues to demonstrate its ability to monitor the ***programs***.\56\ USDA 514 and 515 projects have low delinquency rates,\57\ and the Banks have indicated to FHFA that in their experience, there are very low or no instances of noncompliance with AHP-funded Section 515 and 514 projects. An additional argument in favor of aligning the AHP with USDA's monitoring is that this might encourage more USDA-funded projects to apply for AHP funds, thus increasing the proportion of rural families served by the AHP. ---------------------------------------------------------------------------

    \55\ While incomes in Section 515 projects may go up to 80 percent of AMI plus $5,500 and incomes in Section 514 projects may rise to 80 percent of AMI, in actuality household incomes are much lower. In 2015, 92 percent of households in Section 515 and 514 projects had very low incomes, and the average rent for units in all states is below the 50 percent of AMI adjusted rent level. Tenants pay basic rent or 30 percent of adjusted income, whichever is greater. USDA Section 521 Rental Assistance subsidy can be used to limit tenants' payments to 30 percent of their income. Tenants may receive rent subsidies from other sources as well. Most tenants pay no more than 30 percent of their income in rent (88 percent of Section 515 households, and 97 percent of Section 514 households in 2016). See 7 CFR 3560.203 A USDA report published in December 2016, Results of the 2016 Multi-Family Housing Annual Fair Housing Occupancy Report, found that in FY 2016, 92.3 percent of units were occupied by very low-income households--a percentage consistent with past years. In Section 514 projects 77.1 percent of units were occupied by very low income households, and 19.73 percent of units were occupied by low income households. See [*http://www.ruralhome.org/storage/documents/rd\_obligations/mfh-occupancy/occupancymfh2016.pdf*](http://www.ruralhome.org/storage/documents/rd_obligations/mfh-occupancy/occupancymfh2016.pdf) The standard term for an initial Section 515 loan is 30 years with a 50-year amortization period. The term for subsequent (made to an existing Section 515 project for subsequent rehabilitation or repairs to the project) and loans for special types of properties, such as manufactured housing, may be made for a shorter term based on the project's expected useful life; and, the loans are amortized over 50 years.     \56\ USDA field staff performs careful monitoring of Section 515 and 514 projects, including on-site physical inspections, on-site tenant file review and management review, annual project budget review, and project financial statement review. All reviews are performed by USDA area office staff.     \57\ USDA Section 515 and 514 projects perform well: Section 515 projects had a 2.4 percent delinquency rate for the ten years ending 2014, while Section 514 projects had a 3.4 delinquency rate. See Statement of Tony Hernandez, Administrator Before the Subcommittee on Housing and Insurance Committee on Financial Services. May 19, 2015.   [*https://www.rd.usda.gov/files/testimony/USDA\_Rural%20Housing\_May%2019\_15.pdf*](https://www.rd.usda.gov/files/testimony/USDA_Rural%20Housing_May%2019_15.pdf) ---------------------------------------------------------------------------

    FHFA also reviewed HUD's HOME ***Program***, CDBG ***Program***, Rental Assistance Demonstration ***Program***, Housing Trust Fund, and Project-Based Rental Assistance (PBRA) Section 8 ***Program***, as well as single-family mortgage revenue bond financing ***programs***. FHFA found that each ***program*** has some standards that differ from the AHP in income, rent or retention periods, varying monitoring practices around the country, or a lack of available data on the projects' noncompliance rates (in the case of the PBRA Section ***Program***). Therefore, relying on the monitoring of these other government funding ***programs*** is not currently feasible for the AHP.     Because the income, rent, and retention period standards, monitoring practices, and compliance profiles of government housing subsidy ***programs*** may change over time, FHFA is proposing to include a list of federal government ***programs*** that currently meet the requirements discussed above in separate guidance, which FHFA could occasionally revise in the event that ***programs***' requirements become compatible or incompatible with the AHP requirements, or new ***programs*** are established that have compatible requirements.     The proposed monitoring changes would create a modest decrease in the Banks' administrative responsibilities by expanding their ability to rely on other government ***programs*** for both initial and long-term monitoring. The Banks currently have an average of 260 AHP rental projects per Bank to monitor, although the monitoring is reduced significantly by the Banks' ability to conduct long-term monitoring of the projects on a risk-basis.     FHFA specifically requests comments on whether the proposed reductions in the Banks' monitoring responsibilities are reasonable, taking into consideration the risks of noncompliance and the costs of project monitoring. FHFA also requests comments on whether data is available on the noncompliance rates of projects funded under the PBRA Section 8 ***Program***.     Enhanced long-term monitoring certifications. Proposed Sec.   1291.50(c)(1) would codify existing Bank best practices that require submission by project sponsors of annual project certifications that include not only the required household income and rent information, but also information on the on-going financial viability of the project, such as whether the project is current on property taxes and loan payments, its vacancy rate, or whether it is in compliance with its commitments to other funding sources.     During long-term monitoring, the Banks are only required to monitor projects for compliance with the household income-targeting and rent commitments in their AHP applications. Reviewing income and rent information alone limits the ability of the Banks to determine whether projects are experiencing operational challenges or in danger of foreclosure. Thus, in addition to obtaining household income and rent information, Banks have, to varying degrees, been requesting additional information from project sponsors in order to discover project issues before they escalate. This additional information enables the Banks to work with other funders to address project concerns and any noncompliance, including attempting remediation through workout strategies or recovery of AHP subsidy for noncompliance. It also mitigates the risk

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that Banks may be less aware of noncompliance by AHP projects that are also funded by the federal ***programs*** for which FHFA may determine through guidance that the Banks may reduce their long-term monitoring. The proposed change may slightly increase the monitoring requirement for project sponsors and the Banks that are not currently requiring such enhanced certifications.     Accordingly, the proposed rule would require the Banks to obtain such ``enhanced'' annual certifications from project sponsors during the AHP 15-year retention period that include information on the ongoing financial viability of the project. Proposed Sec.  1291.51 Monitoring Under Homeownership Set-Aside ***Programs***     The current monitoring provisions for the Homeownership Set-Aside ***Program*** would move from Sec.  1291.7(b) to proposed Sec.  1291.51 The requirement to monitor compliance with the owner-occupied retention agreement requirement would be removed because FHFA is proposing to eliminate this requirement.

Subpart G--Remedial Actions for Noncompliance

    The current provisions addressing remedial actions for AHP noncompliance in Sec.  1291.8 would move to proposed Subpart G, and each type of noncompliance--project sponsor or owner, member, or Bank-- would be included in a separate section so that the responsibilities and potential liabilities of each party are clear. Substantive changes would also be made regarding the order in which certain remedial actions must be taken.     Subpart G would also include a new section addressing remedies for Bank noncompliance with the proposed outcome requirements for the statutory and regulatory priorities, including housing ***plans*** and reimbursement of the AHP fund.     The proposed changes are discussed below. Proposed Sec.  1291.60 Remedial Actions for Project Noncompliance     Proposed Sec.  1291.60 would address AHP project noncompliance. The language would be revised and streamlined to provide greater clarity on the scope of the section and the responsibilities of the various parties. The proposed rule would also make substantive changes by establishing an order of remedial steps that a Bank would be required to follow before recovering AHP subsidy. The proposed rule would clarify factors for Bank consideration in determining whether to settle for less than the full amount of AHP subsidy due. These changes are discussed below.     Scope. Proposed Sec.  1291.60 would apply to noncompliance by an AHP-assisted project with its AHP application commitments and the requirements of the regulation, including any use of AHP subsidy by the project sponsor or owner for purposes other than those committed to in the AHP application. Consistent with the current regulation, the proposed rule would clarify that this section would not apply to individual AHP-assisted households, or to the sale or refinancing by such households of their homes, as there is no ongoing Bank monitoring of households once they purchase their homes, and sale or refinancing during the AHP five-year retention period is not considered noncompliance.     Elimination of project noncompliance. The current regulation provides for three types of remedies for project noncompliance without mandating the order in which they must be attempted--cure of the noncompliance; project modification; and recovery of AHP subsidy or settlement. Because the objective of the AHP is to provide affordable housing for eligible households for the duration of the AHP retention period, recovery of AHP subsidy should be the last resort. Accordingly, the proposed rule would require that certain remedial actions be attempted before subsidy is recaptured, as discussed further below.     Cure. The project sponsor or owner would first be required to cure the project noncompliance within a reasonable period of time. Banks generally follow this practice currently. For example, if a project has a certain number of households with incomes exceeding the AHP application's income-targeting commitments, cure would be achieved by renting the next available vacant units to that number of income- eligible households. If the noncompliance is cured, then no AHP subsidy would be required to be repaid by the project sponsor or owner to the Bank.     Project modification. If the project noncompliance cannot be cured within a reasonable period of time, the Bank would be required to determine whether the circumstances of the noncompliance could be eliminated through a project modification under proposed Sec.  1291.27 If so, then the Bank would be required to approve the modification, and the project sponsor or owner would not be required to repay AHP subsidy to the Bank.     Under proposed Sec.  1291.27(a), a modification must be approved by the Bank if the project, as modified, meets all of the modification requirements in that section, including that there is good cause for the modification that is not solely eliminating the noncompliance, and that the project rescores as high as the lowest ranking alternate approved for funding by the Bank in the project's original AHP funding period. In the above example, if the project sponsor or owner were not able to find enough households meeting its income-targeting commitments to occupy the next available vacant units, the Bank would determine whether the project could be modified to target those units to higher income (but still AHP income-eligible) households by rescoring the project based on the number of units to be targeted to the higher incomes. If the project rescored successfully, then the project would be modified, thereby eliminating the circumstances of the noncompliance, and no subsidy recovery would be required.     Reasonable collection efforts, including settlement. If the circumstances of a project's noncompliance cannot be eliminated through a cure or modification, the Bank, or the member if delegated the responsibility, would be required to first make a demand on the project sponsor or owner for repayment of the full amount of the subsidy not used in compliance with the commitments in the AHP application or the requirements of the regulation. This is intended to ensure that the Banks attempt to recover all of the subsidy due before considering settlements. The proposed rule would clarify that if the noncompliance is occupancy by over-income households, the amount of AHP subsidy due is calculated based on the number of units in noncompliance, the length of the noncompliance, and the portion of the AHP subsidy attributable to the noncompliant units.     If the demand for repayment of the full amount of subsidy due is unsuccessful, then the member, in consultation with the Bank, would be required to make reasonable efforts to collect the subsidy from the project sponsor or owner. Members have this role under the current regulation. The proposed rule would clarify that members would carry out these efforts in consultation with the Bank, consistent with current practice.     Under the current regulation, reasonable collection efforts may include settlement for less than the full amount of subsidy due, taking into account the facts and circumstances of the noncompliance, including the

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degree of culpability of the noncomplying parties and the extent of the Bank's recovery efforts. The proposed rule would clarify that the facts and circumstances to consider also include the financial capacity of the project sponsor or owner, assets securing the AHP subsidy, and other assets of the project sponsor or owner.     As under the current regulation, the proposed rule would require that a settlement be supported by sufficient documentation showing that the sum agreed to be repaid is reasonably justified, based on the facts and circumstances of the noncompliance discussed above. FHFA specifically requests comments on whether those facts and circumstances are appropriate for consideration during reasonable collection efforts, and whether there are other factors that should be considered as well.     The proposed rule would eliminate current Sec.  1291.8(d)(2), which provides Banks the option to seek prior approval from FHFA of a proposed subsidy settlement. Since inception of this option, only one Bank has used it and for two similar cases. The Banks may enter into subsidy settlements, in their discretion, provided the settlements are supported by reasonable justifications. The Banks have made these types of business decisions for many years without seeking prior FHFA approval. Moreover, the proposed rule would further clarify the factors the Banks should consider in deciding whether to settle with the project sponsor or owner. Accordingly, there is no need to retain this prior approval provision in the regulation. Proposed Sec.  1291.61 Recovery of Subsidy for Member Noncompliance     Proposed Sec.  1291.61 would address member noncompliance, which is currently addressed in Sec.  1291.8(b)(1). As under the current regulation, if a member uses AHP subsidy for purposes other than those committed to in the AHP application or the requirements of the regulation, the Bank would be required to recover from the member the amount of subsidy used for such impermissible purposes. Proposed Sec.  1291.62 Bank Reimbursement of AHP Fund     Current Sec.  1291.8(e), which addresses circumstances where a Bank would be required to reimburse its AHP fund, would move to proposed Sec.  1291.62, with no substantive changes. Proposed Sec.  1291.63 Suspension and Debarment     Current Sec.  1291.8(g) addressing suspension or debarment of members, project sponsors, or project owners would move unchanged to proposed Sec.  1291.63 Proposed Sec.  1291.64 Use of Repaid AHP Subsidies for Other AHP- Eligible Projects and Households     Proposed Sec.  1291.64 would include current Sec.  1291.8(f)(1), which provides that AHP subsidy repaid to a Bank under the AHP regulation must be made available by the Bank for other AHP-eligible projects. The proposed rule would clarify that the repaid subsidy may also be made available by the Bank for AHP-eligible households.     The proposed rule would remove the provision in current Sec.   1291.8(f)(2) providing for re-use of repaid AHP direct subsidies in the same project because it applies where AHP subsidy is repaid by a household due to sale or refinancing of the home to a household that is not low- or moderate-income household during the retention period, and FHFA is proposing to eliminate this subsidy repayment requirement in connection with elimination of the owner-occupied retention agreement requirement. Proposed Sec.  1291.65 Remedial Actions for Bank Noncompliance With Outcome Requirements     Proposed new Sec.  1291.65 would provide that if the Director of FHFA determines that a Bank has failed to comply with an outcome requirement for the statutory and regulatory priorities and compliance was feasible, the Director may require the Bank to take actions to remedy the noncompliance, including but not limited to, reimbursement by the Bank of its AHP fund for the difference in the amount of AHP funds required to be awarded to meet the outcome requirement and the amount the Bank actually awarded, or implementation of a housing ***plan***. A housing ***plan*** would describe the specific actions the Bank would take to comply with the outcome requirements for the next calendar year. The proposed procedures, including time periods, for submission, review and approval of a proposed housing ***plan***, are generally analogous to those under the Enterprise Housing Goals regulation.\58\ ---------------------------------------------------------------------------

    \58\ 12 CFR 1282.21 ---------------------------------------------------------------------------

Proposed Sec.  1291.66 Transfer of ***Program*** Administration     The proposed rule would move current Sec.  1291.8(h), which addresses transfer of a Bank's ***Program*** to another Bank in the event of mismanagement of its ***Program***, to proposed Sec.  1291.66 with no changes. Removal of Obsolete Provision     The proposed rule would rescind current Sec.  1291.8(i) because the provision refers to a now-repealed Finance Board regulatory provision that was intended to establish a formal process for review by the Board of Directors of the Finance Board of certain types of supervisory decisions, which FHFA opted not to adopt.\59\ Though it is not directly comparable to the repealed Finance Board provision, FHFA's Ombudsman regulation provides an avenue for the Banks to present complaints and appeals to the agency about their regulation or supervision.\60\ ---------------------------------------------------------------------------

    \59\ 12 CFR 907.9     \60\ See 12 CFR part 1213. ---------------------------------------------------------------------------

Subpart H--Affordable Housing Reserve Fund

Proposed Sec.  1291.70 Affordable Housing Reserve Fund     Current Sec.  1291.12 addressing the requirements for an Affordable Housing Reserve Fund would move to proposed Sec.  1291.70 In the 28 years of the ***Program***, there has never been cause for the agency to establish an Affordable Housing Reserve Fund because the demand for AHP funds at each Bank has always exceeded the amount available, and no Bank has failed to use or commit in full its required annual AHP contribution.     The proposed rule would revise the current provision by requiring that amounts remaining unused or uncommitted at year-end would be deemed to be used or committed if, in combination with AHP funds that have been returned to the Bank or de-committed from canceled projects, they are insufficient to fund the next highest scoring AHP applications in the Bank's final funding period of the year for its General Fund first and then for any Targeted Funds established by the Bank.

IV. List of Specific Requests for Comments

    In addition to requesting comments on the entire proposed rule, FHFA is listing below, for ease of reference, the specific requests for comments included throughout the preamble above. Please identify the specific request for

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comment to which you are responding by its request number.

Subpart B--***Program*** Administration and Governance

    1. What are the benefits and risks of allowing the Banks to establish Targeted Funds?     2. Is the proposed allocation of 40 percent of total AHP funds to Targeted Funds an appropriate percentage, or should the percentage be higher or lower?     3. Would the proposed expansion of the contents of the Targeted Community Lending ***Plans*** impede the Banks' ability to respond to disasters through the AHP?     4. What are the benefits of the proposed expansion of the contents of the Targeted Community Lending ***Plans*** and their linkage to the AHP Implementation ***Plans***?     5. Is the requirement that members' AHP agreements with LIHTC project sponsors include a provision requiring the sponsors to provide prompt written notice to the Bank if the project is in noncompliance with the LIHTC income-targeting or rent requirements at any time during the AHP 15-year retention period practical, and should it also be required of project sponsors in the event of noncompliance by their projects with the income-targeting or rent requirements of the government housing ***programs*** discussed under the Monitoring section?     6. What are the advantages and disadvantages of an AHP owner- occupied retention agreement, would eliminating it impact FHFA's ability to ensure that AHP funds are being used for the statutorily intended purposes, and are there ways to deter flipping other than a retention agreement?     7. Should the proposed increase in the maximum permissible grant to households from $15,000 to $22,000 under the Homeownership Set-Aside ***Program*** impact the decision on whether to eliminate the retention agreement?     8. Should the current provision in retention agreements requiring that notice of a sale or refinancing during the retention period be provided to either the Bank or its designee (typically the member) be revised to require that the notice be provided to both the Bank and its designee if a retention agreement requirement is retained in the final rule?     9. Should the AHP retention agreement, if retained in the final rule, require the AHP-assisted household to repay AHP subsidy to the Bank from any net proceeds on the sale or refinancing of the home or from the net gain?     10. What are the merits and disadvantages of the net proceeds and net gain calculations from the standpoint of the AHP-assisted households and the Banks, and are there other subsidy repayment approaches FHFA should consider, if the AHP retention agreement requirement is retained in the final rule?     11. What approaches would provide a reasonable basis to assume that the subsequent purchaser of an AHP-assisted unit is likely to be low- or moderate-income, including proxies that could serve this purpose?     12. What proxies would be reasonable for assuming a subsequent purchaser's income, including the following or others: Certification from the subsequent purchaser or a third party that the subsequent purchaser's income is at or below the low- or moderate-income limit; evidence that the subsequent purchaser is receiving direct homebuyer assistance from another government ***program*** with household income targeting requirements substantially equivalent to those of the AHP; the purchase price of the AHP-assisted unit is less than the median home price in the area; the AHP-assisted unit is located in a census tract. or block group where at least 51 percent of the households are low- or moderate-income; or FHA or other underwriting standards indicating that the income required to purchase the AHP-assisted unit at the purchase price is low- or moderate-income?     13. Should there be an exception to the AHP subsidy repayment requirement in the AHP retention agreement, if retained in the final rule, where the amount of AHP subsidy subject to repayment, after calculating the net proceeds or net gain, is $1,000 or less?     14. If the AHP retention agreement is retained in the final rule, should the rule clarify that the obligation to repay AHP subsidy to a Bank shall terminate not only after any event of foreclosure, but also after transfer by deed in lieu of foreclosure, assignment of an FHA mortgage to HUD, or death of the owner(s) of the unit?

Subpart C--General Fund and Targeted Funds

    15. How should preservation of rental projects be encouraged through the AHP while discouraging displacement of current occupants with higher incomes than those targeted in the AHP application submitted to the Bank for approval, and is the proposed requirement for a relocation ***plan*** approved by the primary funder reasonable?     16. Are the current AHP requirements for sponsor-provided permanent financing reasonable, do the sponsors have a need for AHP subsidy in light of their particular financing model, and does the current method in the regulation for determining their need for AHP subsidy understate or overstate the amount of AHP subsidy needed?     17. Should sponsors using the sponsor-provided permanent financing model be considered revolving loan funds and, if so, should they be subject to the current or different AHP revolving loan fund requirements?     18. What are the potential advantages and disadvantages of allowing the Banks to impose a maximum subsidy limit per project sponsor?     19. What are possible approaches for re-ranking applications to meet the outcome requirements while at the same time maximizing the extent to which the highest scoring applications are approved?     20. Are the current AHP revolving loan fund provisions reasonable, and how could the financing mechanisms of revolving loan funds be used successfully with AHP subsidies?     21. Why have certain AHP scoring criteria for revolving loan funds been difficult to meet, how would AHP subsidy be repaid in the event of project noncompliance, and how can a revolving loan fund demonstrate a need for the AHP subsidy?     22. Would the proposed outcome requirements for the statutory and regulatory priorities facilitate use of AHP subsidies by revolving loan funds, and if so, how?     23. What are the potential positive or negative impacts of eliminating the owner-occupied retention agreement requirement for revolving loan funds?     24. Are there loan pools currently existing in the market that meet the conditions in the current regulation, how are the loan pools addressing current housing market needs, and what are the potential positive or negative impacts of eliminating the owner-occupied retention agreement requirement for loan pools?

Subpart D--Homeownership Set-Aside ***Programs***

    25. Are there any potential positive and negative impacts of increasing the subsidy limit per household from $15,000 to $22,000, and should the subsidy limit be higher or lower?     26. Is the proposed use of FHFA's Housing Price Index to automatically adjust the subsidy limit upward over time appropriate, or are there other housing price adjustment indices that would be preferable and why?

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Subpart E--Outcome Requirements for Statutory and Regulatory Priorities

    27. Does the proposed outcome requirement of 10 percent of a Bank's total AHP funds constitute prioritization for the home purchase priority, or should the percentage be higher or lower?     28. What is the utility of the proposed outcome approach to income targeting, and are the proposed 55 percent threshold, its applicability solely to rental units, and income-targeting at 50 percent of AMI appropriate?     29. Is the proposed increase in the minimum threshold from 20 to 50 percent for the number of units reserved for homeless households appropriate?     30. Is the proposed increase in the minimum threshold from 20 to 50 percent for the number of units in a project reserved for households with a specific special need appropriate?     31. Is the proposed 50 percent minimum threshold for the number of units in a project reserved for other targeted populations appropriate?     32. Is the proposed 20 percent minimum threshold for the number of units in a project reserved for extremely low-income households appropriate?     33. Do the three proposed regulatory priorities described in proposed Sec.  1291.48--underserved communities and populations, creating economic opportunities, and affordable housing preservation-- constitute significant housing priorities that should be included in the regulation, or should other housing priorities be included?     34. Should the specific housing needs identified under each regulatory priority be included, or are there other specific housing needs that should be included?     35. Do the Banks have sufficient flexibility under the current scoring system to target specific housing needs in their districts, including awarding subsidy to address multiple housing needs in a single AHP funding period?     36. Should the current regulatory scoring system be maintained without change?     37. Should any of the current mandatory scoring criteria and minimum required point allocations be modified to reflect other specific housing needs?     38. Should the current Bank First and Second District Priorities be combined and the list of housing needs in the Bank First District Priority eliminated?

Subpart F--Monitoring

    39. Are the proposed reductions in the Banks' monitoring requirements reasonable, taking into consideration the risks of noncompliance and the costs of project monitoring?     40. Is data available on the noncompliance rates of projects funded under the PBRA Section 8 ***Program***?

Subpart G--Remedial Actions for Noncompliance

    41. Are the facts and circumstances described in proposed Sec.   1291.60 appropriate for consideration by a Bank during reasonable subsidy collection efforts, and are there other factors that should be considered as well?

V. Consideration of Differences Between the Banks and the Enterprises

    Section 1313(f) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 requires the Director of FHFA, when promulgating regulations relating to the Banks, to consider the differences between the Banks and the Enterprises (Fannie Mae and Freddie Mac) as they relate to the Banks': Cooperative ownership structure; mission of providing liquidity to members; affordable housing and community development mission; capital structure; and joint and several liability. The proposed rule would apply only to the Banks. It would amend the current regulation to provide additional authority to the Banks regarding certain ***Program*** operations, streamline project monitoring requirements, clarify various parties' responsibilities regarding noncompliance, and clarify certain operational requirements. There is no direct Enterprise-specific analog to the Banks' AHP. In preparing this proposed rule, the Director considered the differences between the Banks and the Enterprises as they relate to the above factors, and determined that the rule is appropriate. FHFA requests comments regarding whether differences related to those factors should result in any revisions to the proposed rule.

VI. Paperwork Reduction Act

    The Paperwork Reduction Act of 1995 (PRA), 44 U.S.C 3501 et seq., requires that Federal agencies, including FHFA, consider the impact of paperwork and other information collection burdens imposed on the public. Under the PRA, no agency may conduct or sponsor, and no person is required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. Existing part 1291 contains a number of requirements that constitute collections of information under the PRA. These collections have been approved by OMB and assigned OMB control number 2590-0007 (entitled ``Affordable Housing ***Program***''), which expires on March 31, 2020. As detailed below, the proposed rule would modify some of the information collection requirements in part 1291 and would make other changes to the regulation requiring FHFA to revise the burden estimates approved by OMB when the control number was last renewed in early 2017. FHFA intends to submit the revised information collection to OMB for review and approval of a three-year extension of the control number.

A. Comments on Paperwork Burden Requested

    FHFA is soliciting comments on: (1) Whether the collection of information is necessary for the proper performance of FHFA functions, including whether the information has practical utility; (2) the accuracy of FHFA's estimates of the burden of the collection of information; (3) ways to enhance the quality, utility and clarity of the information collected; and (4) ways to minimize the burden of the collection of information on Bank members, project sponsors, and project owners, including through the use of automated collection techniques or other forms of information technology.     You may submit written comments on the information collection requirements on or before May 14, 2018 and should direct them to the Office of Information and Regulatory Affairs of the Office of Management and Budget, Attention: Desk Officer for the Federal Housing Finance Agency, Washington, DC 20503, Fax: (202) 395-3047, Email: [*OIRA\_submission@omb.eop.gov*](mailto:OIRA_submission@omb.eop.gov) Please also submit copies of comments on information collection issues to FHFA, identified by ``Proposed Collection; Comment Request: `Affordable Housing ***Program*** (RIN 2590- AA83)' '' by any of the methods listed above in the ADDRESSES section.

B. Background

    Part 1291 requires the Banks to collect various types of information relating to their AHPs from their members and (both directly and indirectly) from AHP project sponsors and owners. Those information collection requirements fall into six categories: (1) AHP Competitive Applications; (2) compliance submissions for approved Competitive Application projects at AHP subsidy disbursement; (3) modification requests for approved Competitive Application projects; (4) initial monitoring submissions for approved Competitive Application projects; (5) long-term monitoring submissions for approved Competitive Application projects; and (6) Homeownership Set-Aside ***Program*** applications and certifications. As revised by the proposed rule, the collections of information under part

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1291 would continue to fall into the foregoing six basic categories, but would be somewhat modified as described below.     The proposed rule would eliminate the existing requirement that each Bank establish a Competitive Application ***Program***. As revised, part 1291 would instead require each Bank to establish a General Fund, and authorize each Bank to establish up to three Targeted Funds (subject to a phase-in period), each of which would be subject to a competitive application process similar to that required for the Banks' Competitive Application ***Programs*** under the current regulation. Projects funded under the Banks' General Fund and any Targeted Funds established would be subject to requirements regarding subsidy disbursements, modification requests, and initial and long-term monitoring that are similar to those that currently apply to their Competitive Application ***Programs***. Thus, the descriptions of the first five of the six information collection categories, which relate to the Banks' Competitive Application ***Programs***, would be modified to refer instead to the Banks' General Funds and Targeted Funds. The description of the sixth category, relating to the Banks' Homeownership Set-Aside ***Programs***, would remain the same.

C. Burden Estimates for Respondents

    FHFA has analyzed each of the six categories of information that would be collected under part 1291, as revised by the proposed rule, in order to estimate the hour burdens that the collection would impose upon Bank members and AHP project sponsors and owners annually over the three years following the effective date of the final rule. Based on that analysis, FHFA estimates that the total annual hour burden will be 127,605. This represents an increase of 11,855 hours over the estimate of 115,750 made in connection with the most recent renewal of the OMB control number. This increase is attributable to an expected increase in the number of AHP competitive applications received by the Banks due to some of the proposed revisions, as well as an expected increase in the number of AHP competitive projects and Homeownership Set-Aside direct subsidies approved because of anticipated higher required annual AHP contributions arising from projected higher Bank incomes. On balance, the proposed rule would not increase information collection burdens on a per-submission basis.     The method FHFA used to determine the annual hour burden for each category of information collected is explained in detail below. Set forth for each category are: (1) A summary of the existing information collection requirement, including the types of respondents and frequency of collection; (2) a short description of the manner in which the proposed regulatory amendments would affect the requirement and the associated burden estimates; (3) the need for and use of the information to be collected; and (4) the new annualized hourly burden estimates, as compared to the estimates made in the PRA submissions that are the basis for the current clearance. 1. Competitive Applications for AHP Subsidy Under General Funds and Targeted Funds     (a) Existing requirement: Each Bank must establish a Competitive Application ***Program*** under which the Bank accepts applications for AHP subsidies submitted by its members on behalf of non-member entities having a significant connection to the projects for which subsidy is being sought (project sponsors or owners).\61\ Each Bank accepts applications for AHP subsidy under its Competitive Application ***Program*** during a specified number of funding periods each year, as determined by the Bank.\62\ The Bank must score each application according to an AHP regulatory and Bank-specific scoring methodology, and approve the highest scoring projects within that funding period for AHP subsidy.\63\ ---------------------------------------------------------------------------

    \61\ See 12 CFR 1291.5     \62\ See 12 CFR 1291.5(b)(1).     \63\ See 12 CFR 1291.5(d). ---------------------------------------------------------------------------

    (b) Effect of proposed rule: The proposed rule would allow the Banks substantially more flexibility to devise their own competitive application scoring criteria for selecting the projects to be approved for AHP subsidies under their General Fund and any Targeted Funds established. In revising the scoring criteria for their General Funds, the Banks would likely also revise their application requirements to reflect the new criteria. In addition, Banks that establish one or more Targeted Funds would likely also develop application requirements for each of those Funds that are different from both their current competitive application requirements and the General Fund application requirements they would establish under the revised regulation. Because of the greater flexibility the Banks would have under the proposed rule, it is not possible at this point to determine precisely how the Banks' competitive application processes would change or to estimate with any accuracy the effect that any such changes would have on the average amount of time needed to complete the competitive application process.     The proposed rule would, to a minor extent, require the Banks to obtain from Bank members and project sponsors and owners applying for AHP subsidies certain information when evaluating AHP applications that they are not expressly required to evaluate under the current regulation. Under the proposed rule, the Banks would be required to obtain from all AHP applicants information needed to evaluate whether the project sponsor (including all affiliates and team members such as the general contractor) is able to perform the responsibilities committed to in the AHP application, as well as information needed to provide assurance that those parties have not engaged in certain types of misconduct. The proposed rule would also require the Banks to obtain from applicants for rental project subsidies the project's operating pro forma (in addition to the project's development budget, which is expressly required under the current regulation) for use in confirming the need for the AHP subsidy. FHFA anticipates that these submission requirements may be met with materials that have already been prepared for other purposes and that, therefore, they will not materially add to the time required to prepare an AHP competitive application.     To the extent that Banks choose to establish Targeted Funds, as would be permitted under the proposed rule, they could see an increase in AHP applications in connection with projects that would be unlikely to be approved under the existing scoring criteria for their Competitive Application ***Programs***. Based on this expectation, FHFA estimates that the number of AHP competitive applications received by the Banks annually would increase by 10 percent--from 1,350 to 1,485-- over the estimates made in FHFA's most recent submissions to OMB for the information collection requirements under part 1291.     (c) Use: The Banks would use the information collected during the competitive application process to determine whether projects for which Bank members and project sponsors and owners are seeking subsidies under the Banks' General Funds and Targeted Funds satisfy the applicable regulatory requirements and score highly enough in comparison with other applications submitted during the same funding period to be approved for AHP subsidies.     (d) Revised burden estimates: For the reasons stated above, FHFA is increasing its estimate as to the average

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number of competitive applications for AHP subsidies that Bank members, on behalf of project sponsors and owners, would submit to the Banks annually from 1,350 to 1,485. The estimate for the average preparation time for each application would remain at 24 hours. Thus, FHFA's estimate for the total annual hour burden on members and project sponsors and owners in connection with the preparation and submission of applications under the Banks' General Funds and Targeted Funds is 35,640 hours (1,485 applications x 24 hours). 2. Compliance Submissions for Approved General Fund and Targeted Fund Projects at AHP Subsidy Disbursement     (a) Existing requirement: The current regulation provides that, prior to each disbursement of AHP subsidy for a project approved under a Bank's Competitive Application ***Program***, the Bank must confirm that the project continues to meet the AHP regulatory eligibility requirements, as well as all commitments made in the approved AHP application.\64\ As part of this process, Banks typically require that the member and project sponsor provide documentation demonstrating continuing compliance. ---------------------------------------------------------------------------

    \64\ See 12 CFR 1291.5(g)(3). ---------------------------------------------------------------------------

    (b) Effect of proposed rule: The proposed rule would add a requirement that, prior to each AHP subsidy disbursement, Banks obtain and review certifications and other information needed to provide assurance that the project sponsor (including all affiliates and team members such as the general contractor) have not engaged in certain types of misconduct since providing similar information at the application stage or in connection with a prior subsidy disbursement. FHFA anticipates that these additional requirements will not materially add to the time required to prepare a compliance submission.     (c) Use: The Banks would use the compliance submissions to determine whether projects approved under their General Funds and Targeted Funds continue to meet the applicable requirements and to comply with the commitments made in the approved AHP applications each time subsidy is disbursed.     (d) Revised burden estimates: FHFA is increasing its estimate as to the annual average number of compliance submissions made by Bank members, on behalf of project sponsors and owners, from 700 to 715 to reflect anticipated higher amounts of funds being available for the AHP due to higher projected Bank incomes (and therefore more projects approved). The estimate for the average preparation time for each submission would remain at 1 hour. Thus, FHFA's estimate for the total annual hour burden on members and project sponsors and owners in connection with the preparation and submission of these compliance submissions for projects approved under the Banks' General Funds and Targeted Funds is 715 hours (715 submissions x 1 hour). 3. Modification Requests for Approved General Fund and Targeted Fund Projects     (a) Existing requirement: The current regulation permits a Bank to approve a modification to the terms of an approved competitive application that would change the score that the application received in the funding period in which it was originally scored and approved, had the changed facts been operative at that time. In order to be considered for a modification: (i) The project, incorporating the changes, must continue to meet the regulatory eligibility requirements; (ii) the application, as reflective of the changes, must continue to score high enough to have been approved in the funding period in which it was originally scored and approved; and (iii) there must be good cause for the modification, and the analysis and justification for the modification must be documented by the Bank in writing.\65\ Banks typically require the member and project sponsor or owner requesting a modification to provide a written analysis and justification as part of their modification request. ---------------------------------------------------------------------------

    \65\ See 12 CFR 1291.5(f). ---------------------------------------------------------------------------

    (b) Effect of proposed rule: The proposed rule would add a requirement that before a Bank may approve a modification request, it must have first requested that the project cure any AHP noncompliance and that the cure was unsuccessful after a reasonable period of time. FHFA estimates that this revision will result in about five percent fewer approved AHP projects requesting modifications. The proposed rule would have no effect on the amount of time needed to prepare and submit a modification request and any supporting materials.     (c) Use: The Banks would use the information submitted to determine whether requests for modifications of approved projects under their General Funds and Targeted Funds meet the regulatory requirements for approval.     (d) Revised burden estimates: FHFA is decreasing its estimate as to the annual average number of modification requests made by Bank members, on behalf of project sponsors and owners, from 300 to 290. This takes into account both the estimated five percent decrease in the percentage of approved projects requesting modifications arising from the effects of the proposed rule and an estimated two percent increase in the number of approved projects due to higher projected Bank income. The estimate for the average preparation time for each submission would remain at 2.5 hours. Thus, FHFA's estimate for the total annual hour burden on members and project sponsors and owners in connection with the preparation and submission of these modification requests is 725 hours (290 requests x 2.5 hours). 4. Initial Monitoring Submissions for Approved General Fund and Targeted Fund Projects     (a) Existing requirement: The current regulation requires generally that a Bank monitor each owner-occupied and rental project receiving AHP subsidy under its Competitive Application ***Program*** prior to and after project completion. For initial monitoring, a Bank must determine whether the project is making satisfactory progress towards completion, in compliance with the commitments made in the approved AHP application, Bank policies, and the AHP regulatory requirements. Following project completion, the Bank must determine whether satisfactory progress is being made towards occupancy of the project by eligible households, and whether the project meets the regulatory requirements and the commitments made in the approved AHP application.\66\ ---------------------------------------------------------------------------

    \66\ See 12 CFR 1291.7(a)(1). ---------------------------------------------------------------------------

    (b) Effect of proposed rule: In the case of approved projects that also receive funding through LIHTCs, the proposed rule would retain the initial monitoring requirement that project sponsors certify to the Banks that the residents' incomes and the rents comply with the income- targeting and rent commitments in the approved AHP application. The proposed rule would also include a requirement, consistent with Bank practice, that the Banks obtain and review the project's rent rolls, a type of back-up documentation. However, the proposed rule would remove the requirement that the Banks obtain and review other back-up documentation on incomes and rents, such as W-2 forms, at initial monitoring for LIHTC projects, which they are currently required to review on a risk basis.

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    The proposed rule would also provide that, for AHP projects funded by certain other government ***programs*** specified in separate FHFA guidance, the Banks would be required to obtain and review only project sponsor certifications and rent rolls at the initial monitoring stage. For such projects, the Banks would not be required to review any back- up documentation for incomes and rents, as is generally required at the initial monitoring stage.     FHFA estimates that these proposed revisions would decrease the average amount of time needed for Bank members and project sponsors or owners to prepare and submit materials related to the initial monitoring of approved projects by ten percent.     (c) Use: The Banks would use the information collected in connection with their initial monitoring of approved General Fund and Targeted Fund projects to determine whether the projects are making satisfactory progress towards completion, and following project completion, are making satisfactory progress towards occupancy of the project by eligible households, in compliance with the commitments made in the approved AHP applications, Bank policies, and the regulatory requirements.     (d) Revised burden estimates: FHFA is increasing its estimate as to the annual average number of submissions related to the initial monitoring of in-progress and recently completed AHP projects from 500 to 510, which reflects an estimated two percent increase in the number of approved projects due to projected higher Bank incomes. FHFA is decreasing its estimate for the average preparation time for each submission from 5 hours to 4.5 hours, which reflects the effects of the proposed rule, as described above. Thus, FHFA's estimate for the total annual hour burden on members and project sponsors and owners in connection with the preparation and submission of documentation required for initial monitoring of the Banks' General Fund and Targeted Fund projects is 2,295 hours (510 submissions x 4.5 hours). 5. Long-Term Monitoring Submissions for Approved General Fund and Targeted Fund Projects     (a) Existing requirement: The current regulation requires that for long-term monitoring of rental projects, subject to certain exceptions, a Bank must determine whether, during the 15-year retention period, the household incomes and rents comply with the income-targeting and rent commitments made in the approved AHP application.\67\ A Bank must obtain and review appropriate documentation maintained by the project sponsor or owner. ---------------------------------------------------------------------------

    \67\ See 12 CFR 1291.7(a)(4). ---------------------------------------------------------------------------

    (b) Effect of proposed rule: The proposed rule would implement a number of changes to streamline certain aspects of the long-term monitoring process. Under the proposed rule, as under the current regulation, project sponsors or owners of LIHTC projects would not be required to submit compliance reports for such projects to the Bank during the AHP retention period. The proposed rule, however, would add a requirement that the members' AHP agreements with project sponsors and owners include a provision requiring the party to notify the Bank if a LIHTC project is noncompliant with the LIHTC income-targeting or rent requirements at any time during the AHP 15-year retention period. The proposed rule would also provide that, for AHP projects funded by certain other government ***programs***, the Banks would be required to review only project sponsor certifications each year during the long- term retention period. The Banks would not be required to review any back-up documentation for incomes and rents, including rent rolls, for those projects, as they are generally required to do on a risk basis.     The proposed rule would codify existing Bank best practices that require submission by project sponsors of annual project certifications during the AHP 15-year retention period that include not only the required household income and rent information, but also information on the ongoing financial viability of the project, such as whether the project is current on property taxes and loan payments, its vacancy rate, or whether it is in compliance with its commitments to other funding sources.     FHFA estimates that the net effect of the above-described revisions would be to decrease the average amount of time needed for Bank members and project sponsors or owners to prepare and submit materials related to the long-term monitoring of approved projects by ten percent.     (c) Use: The Banks would use the information collected as part of their long-term monitoring to determine whether during the 15-year retention period, completed rental projects under their General Funds and Targeted Funds continue to comply with the household income- targeting and rent commitments made in the approved AHP applications.     (d) Revised burden estimates: FHFA is increasing its estimate as to the annual average number of submissions related to the long-term monitoring of completed AHP rental projects from 4,800 to 4,900, which reflects an estimated two percent increase in the number of approved projects due to projected higher Bank incomes. FHFA is decreasing its estimate for the average preparation time for each submission from 3 hours to 2.7 hours, which reflects the effects of the proposed rule, as described above. Thus, FHFA's estimate for the total annual hour burden on members and project sponsors and owners in connection with the preparation and submission of documentation required for long-term monitoring of completed rental projects approved under the Banks' General Funds and Targeted Funds is 13,230 hours (4,900 submissions x 2.7 hours). 6. Homeownership Set-Aside ***Program*** Applications and Certifications     (a) Existing requirement: The current regulation authorizes each Bank, in its discretion, to allocate up to the greater of $4.5 million or 35 percent of its annual required AHP contribution to establish Homeownership Set-Aside ***Programs*** for the purpose of promoting homeownership for low- or moderate-income households.\68\ Under these Homeownership Set-Aside ***Programs***, a Bank provides to its members AHP direct subsidies, which are provided by the members to eligible households as grants to pay for down payment, closing cost, counseling cost, or rehabilitation assistance in connection with the household's purchase of a primary residence or rehabilitation of an owner-occupied residence.\69\ Prior to the Bank's disbursement of a direct subsidy under its Homeownership Set-Aside ***Program***, the member must provide a certification that the subsidy will be provided in compliance with all applicable regulatory eligibility requirements.\70\ ---------------------------------------------------------------------------

    \68\ See 12 CFR 1291.2(b)(2); 1291.6     \69\ See 12 CFR 1291.6(c)(4).     \70\ See 12 CFR 1291.7(b)(2). ---------------------------------------------------------------------------

    (b) Effect of proposed rule: The proposed rule would increase the maximum permissible percentage allocation amount for each Bank's Homeownership Set-Aside ***Program*** from 35 to 40 percent of the Bank's annual required AHP contribution, while retaining the existing alternative maximum permissible allocation amount of $4.5 million. In addition, the proposed rule would increase the maximum permissible direct subsidy amount that a Bank could provide to a

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household from $15,000 to $22,000, which would be adjusted annually to reflect increases in FHFA's Housing Price Index. While adoption of the proposed higher subsidy limit could result in fewer households receiving set-aside subsidies, Banks could choose to offset this by increasing the maximum amount of AHP funds they allocate to their Homeownership Set-Aside ***Programs*** from 35 to 40 percent. Notwithstanding that the Banks would be authorized to adopt a higher subsidy limit than is permitted under the current regulation, FHFA expects that most Banks will continue to establish lower subsidy limits in order to serve a greater number of households. Accordingly, FHFA anticipates that the proposed regulatory revisions may cause the Banks to provide a higher number of set-aside subsidies annually.     None of the proposed revisions would affect the amount of time needed for a Bank member to prepare a Homeownership Set-Aside ***Program*** application or monitoring certification.     (c) Use: The Banks would use the information collected in connection with their Homeownership Set-Aside ***Programs*** to determine whether applications for direct subsidy under those ***programs*** were approved, and the direct subsidies disbursed, in accordance with the regulatory requirements.     (d) Revised burden estimates: FHFA is increasing its estimate as to the annual average number of applications and required certifications for AHP direct subsidies under the Banks' Homeownership Set-Aside ***Programs*** from 13,000 to 15,000 to reflect anticipated higher amounts of funds being available for the AHP due to projected higher Bank incomes, in addition to the effect of the proposed increase--from 35 to 40 percent--in the percentage of their AHP contributions that the Banks may allocate to their Homeownership Set-Aside ***Programs***. The estimate for the average preparation time for each submission would remain at 5 hours. Thus, FHFA's estimate for the total annual hour burden on members in connection with the preparation and submission of Homeownership Set-Aside ***Program*** applications and certifications is 75,000 hours (15,000 applications/certifications x 5 hours).

VII. Regulatory Flexibility Act

    The Regulatory Flexibility Act \71\ requires that a regulation that has a significant economic impact on a substantial number of small entities, small businesses, or small organizations must include an initial regulatory flexibility analysis describing the regulation's impact on small entities. Such an analysis need not be undertaken if the agency has certified that the regulation will not have a significant economic impact on a substantial number of small entities.\72\ FHFA has considered the impact of the proposed rule under the Regulatory Flexibility Act. The General Counsel of FHFA certifies that the proposed rule, if adopted as a final rule, is not likely to have a significant economic impact on a substantial number of small entities because the regulation applies to the Banks, which are not small entities for purposes of the Regulatory Flexibility Act. ---------------------------------------------------------------------------

    \71\ 5 U.S.C 601 et seq.     \72\ 5 U.S.C 605(b). ---------------------------------------------------------------------------

List of Subjects

12 CFR Part 1290

    Banks and banking, Credit, Federal home loan banks, Housing, Mortgages, Reporting and recordkeeping requirements.

12 CFR Part 1291

    Community development, Credit, Federal home loan banks, Housing, Low- and moderate-income housing, Mortgages, Reporting and recordkeeping requirements.

    For the reasons stated in the preamble, FHFA proposes to amend parts 1290 and 1291 of Title 12 of the Code of Federal Regulations as follows:

PART 1290--COMMUNITY SUPPORT REQUIREMENTS

0 1. The authority citation for part 1290 is revised to read as follows:

    Authority:  12 U.S.C 1430(g).

0 2. Amend Sec.  1290.6 by revising paragraph (a)(5) and adding paragraphs (c) and (d) to read as follows:

Sec.  1290.6   Bank community support ***programs***.

    (a) \* \* \*     (5) Include an annual Targeted Community Lending ***Plan***, approved by the Bank's board of directors and subject to modification. The Bank's board of directors shall not delegate to a committee of the board, Bank officers, or other Bank employees the responsibility to adopt or amend the Targeted Community Lending ***Plan***. The Targeted Community Lending ***Plan*** shall:     (i) Reflect market research conducted in the Bank's district;     (ii) Describe how the Bank will address identified credit needs and market opportunities in the Bank's district for targeted community lending;     (iii) Be developed in consultation with (and may only be amended after consultation with) its Advisory Council and with members, housing associates, and public and private economic development organizations in the Bank's district in developing and implementing its Targeted Community Lending ***Plan***;     (iv) Establish quantitative targeted community lending performance goals; and     (v) Describe how the Bank will address identified significant affordable housing needs in its district through its Affordable Housing ***Program***, reflecting:     (A) Market research conducted or obtained by the Bank on affordable housing needs in the Bank's district;     (B) Identification and assessment of significant affordable housing needs in the Bank's district, supported by empirical data; and     (C) Specification, from among the identified affordable housing needs, of the specific affordable housing needs the Bank will address through its funding allocations and scoring criteria under its General Fund and any Bank Targeted Funds and Homeownership Set-Aside ***Programs***, as set forth in its AHP Implementation ***Plan*** pursuant to 12 CFR 1291.13(b). \* \* \* \* \*     (c) Public access. A Bank shall publish its current Targeted Community Lending ***Plan*** on its publicly available website, and shall publish any amendments to its Targeted Community Lending ***Plan*** on the website within 30 days after the date of their adoption by the Bank's board of directors. Publication of the Targeted Community Lending ***Plan*** on the website shall be at least six months before the beginning of the ***Plan*** year.     (d) Notification of ***Plan*** amendments to FHFA. A Bank shall notify FHFA of any amendments to its Targeted Community Lending ***Plan*** within 30 days after the date of their adoption by the Bank's board of directors.

PART 1291--FEDERAL HOME LOAN BANKS' AFFORDABLE HOUSING ***PROGRAM***

0 3. Revise part 1291 to read as follows:

PART 1291--FEDERAL HOME LOAN BANKS' AFFORDABLE HOUSING ***PROGRAM***

Subpart A--General Sec. 1291.1 Definitions.

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Subpart B--***Program*** Administration and Governance 1291.10 Required annual AHP contribution. 1291.11 Temporary suspension of AHP contributions. 1291.12 Allocation of required annual AHP contribution. 1291.13 Targeted Community Lending ***Plan***; AHP Implementation ***Plan***. 1291.14 Advisory Councils. 1291.15 Agreements. 1291.16 Conflicts of interest. Subpart C--General Fund and Targeted Funds 1291.20 Establishment of ***programs***. 1291.21 Eligible applicants. 1291.22 Funding periods; application process. 1291.23 Eligible projects. 1291.24 Eligible uses. 1291.25 Scoring methodology. 1291.26 Approval of AHP applications. 1291.27 Modifications of approved AHP applications. 1291.28 Procedures for funding. 1291.29 Lending and re-lending of AHP direct subsidy by revolving loan funds. 1291.30 Use of AHP subsidy in loan pools. Subpart D--Homeownership Set-Aside ***Programs*** 1291.40 Establishment of ***programs***. 1291.41 Eligible applicants. 1291.42 Eligibility requirements. 1291.43 Approval of AHP applications. 1291.44 Procedures for funding. Subpart E--Outcome Requirements for Statutory and Regulatory Priorities 1291.48 Outcome requirements for statutory and regulatory priorities. 1291.49 Determination of compliance with outcome requirements; notice of determination. Subpart F--Monitoring 1291.50 Monitoring under General Fund and Targeted Funds. 1291.51 Monitoring under Homeownership Set-Aside ***Programs***. Subpart G--Remedial Actions for Noncompliance 1291.60 Remedial actions for project noncompliance. 1291.61 Recovery of subsidy for member noncompliance. 1291.62 Bank reimbursement of AHP fund. 1291.63 Suspension and debarment. 1291.64 Use of repaid AHP subsidies for other AHP-eligible projects and households. 1291.65 Remedial actions for Bank noncompliance with outcome requirements. 1291.66 Transfer of ***Program*** administration. Subpart H--Affordable Housing Reserve Fund 1291.70 Affordable Housing Reserve Fund.

    Authority:  12 U.S.C 1430(j).

Subpart A--General

Sec.  1291.1  Definitions.

    As used in this part:     Affordable means that:     (1) The rent charged to a household for a unit that is to be reserved for occupancy by a household with an income at or below 80 percent of the median income for the area, does not exceed 30 percent of the income of a household of the maximum income and size expected, under the commitment made in the AHP application, to occupy the unit (assuming occupancy of 1.5 persons per bedroom or 1.0 persons per unit without a separate bedroom); or     (2) The rent charged to a household, for rental units subsidized with Section 8 assistance under 42 U.S.C 1437f or subsidized under another assistance ***program*** where the rents are charged in the same way as under the Section 8 ***Program***, if the rent complied with this definition at the time of the household's initial occupancy and the household continues to be assisted through the Section 8 or another assistance ***program***, respectively.     AHP means the Affordable Housing ***Program*** required to be established by the Banks pursuant to 12 U.S.C 1430(j) and this part.     AHP project means a single-family or multifamily housing project for owner-occupied or rental housing that has been awarded or has received AHP subsidy under a Bank's General Fund and any Targeted Funds established by the Bank.     Cost of funds means, for purposes of a subsidized advance, the estimated cost of issuing Bank System consolidated obligations with maturities comparable to that of the subsidized advance.     Direct subsidy means an AHP subsidy in the form of a direct cash payment.     Eligible household means a household that meets the income limits and other requirements specified by a Bank for its General Fund and any Targeted Funds and Homeownership Set-Aside ***Programs*** established by the Bank, provided that:     (1) In the case of owner-occupied housing, the household's income may not exceed 80 percent of the median income for the area; and     (2) In the case of rental housing, the household's income in at least 20 percent of the units may not exceed 50 percent of the median income for the area.     Eligible project means a project eligible to receive AHP subsidy pursuant to the requirements of this part.     Extremely low-income household means a household that has an income at or below 30 percent of the median income for the area, with the income limit adjusted for household size in accordance with the methodology of the applicable median income standard selected from those enumerated in the definition of ``median income for the area,'' unless such median income standard has no household size adjustment methodology.     Family member means any individual related to a person by blood, marriage, or adoption.     Funding period means a time period, as determined by a Bank, during which the Bank accepts AHP applications for subsidy under the Bank's General Fund and any Targeted Funds established by the Bank.     General Fund means a ***program*** required to be established by a Bank under which the Bank approves (i.e , awards) applications for AHP subsidy through a competitive application scoring process developed by the Bank and disburses the subsidy, pursuant to the requirements of this part.     Homeownership Set-Aside ***Program*** means a ***program*** established by a Bank, in its discretion, under which the Bank approves (i.e , awards) applications for AHP direct subsidy through a noncompetitive process developed by the Bank and disburses the subsidy, pursuant to the requirements of this part.     Loan pool means a group of mortgage or other loans meeting the requirements of this part that are purchased, pooled, and held in trust.     Low- or moderate-income household means a household that has an income of 80 percent or less of the median income for the area, with the income limit adjusted for household size in accordance with the methodology of the applicable median income standard selected from those enumerated in the definition of ``median income for the area,'' unless such median income standard has no household size adjustment methodology.     Low- or moderate-income neighborhood means any neighborhood in which 51 percent or more of the households have incomes at or below 80 percent of the median income for the area.     Median income for the area means one or more of the following median income standards as determined by a Bank, after consultation with its Advisory Council, in its AHP Implementation ***Plan***:     (1) The median income for the area, as published annually by HUD;     (2) The median income for the area obtained from the Federal Financial Institutions Examination Council;

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    (3) The applicable median family income, as determined under 26 U.S.C 143(f) (Mortgage Revenue Bonds) and published by a state agency or instrumentality;     (4) The median income for the area, as published by the United States Department of ***Agriculture***; or     (5) The median income for an applicable definable geographic area, as published by a federal, state, or local government entity, and approved by FHFA, at the request of a Bank, for use under the AHP.     Multifamily building means a structure with five or more dwelling units.     Net earnings of a Bank means the net earnings of a Bank for a calendar year before declaring or paying any dividend under section 16 of the Bank Act (12 U.S.C 1436). For purposes of this part, ``dividend'' includes any dividends on capital stock subject to a redemption request even if under GAAP those dividends are treated as an ``interest expense.''     Owner-occupied project means, for purposes of a Bank's General Fund and any Targeted Funds established by the Bank, one or more owner- occupied units in a single-family or multifamily building, including condominiums, cooperative housing, and manufactured housing.     Owner-occupied unit means a dwelling unit occupied by the owner of the unit. Housing with two to four dwelling units consisting of one owner-occupied unit and one or more rental units is considered a single owner-occupied unit.     ***Program*** means the Affordable Housing ***Program*** established pursuant to this part.     Regulatory priority means underserved communities and populations, creating economic opportunity, or affordable housing preservation, as described in Sec.  1291.48(d)(1), (d)(2), or (d)(3), respectively.     Rental project means, for purposes of a Bank's General Fund and any Targeted Funds established by the Bank, one or more dwelling units for occupancy by households that are not owner-occupants, including overnight and emergency shelters, transitional housing for homeless households, mutual housing, single-room occupancy housing, and manufactured housing communities.     Retention period means fifteen years from the date of completion for a rental project.     Revolving loan fund means a capital fund established to make mortgage or other loans whereby loan principal is repaid into the fund and re-lent to other borrowers.     Single-family building means a structure with one to four dwelling units.     Sponsor means a not-for-profit or for-profit organization or public entity that:     (1) Has an ownership interest (including any partnership interest), as defined by the Bank in its AHP Implementation ***Plan***, in a rental project;     (2) Is integrally involved, as defined by the Bank in its AHP Implementation ***Plan***, in an owner-occupied project, such as by exercising control over the ***planning***, development, or management of the project, or by qualifying borrowers and providing or arranging financing for the owners of the units;     (3) Operates a loan pool; or     (4) Is a revolving loan fund.     Statutory priority means use of donated or conveyed government- owned or other properties, project sponsorship by a not-for-profit organization or government entity, or purchase of homes by low- or moderate-income households, as described in Sec.  1291.48(a)(1), (a)(2), or (b), respectively.     Subsidized advance means an advance to a member at an interest rate reduced below the Bank's cost of funds by use of a subsidy.     Subsidy means:     (1) A direct subsidy, provided that if a direct subsidy is used to write down the interest rate on a loan extended by a member, sponsor, or other party to a project, the subsidy must equal the net present value of the interest foregone from making the loan below the lender's market interest rate; or     (2) The net present value of the interest revenue foregone from making a subsidized advance at a rate below the Bank's cost of funds.     Targeted Fund means a ***program*** established by a Bank, in its discretion, under which the Bank approves (i.e , awards) applications for AHP subsidy through a competitive application scoring process developed by the Bank and disburses the subsidy, pursuant to the requirements of this part.     Very low-income household means a household that has an income at or below 50 percent of the median income for the area, with the income limit adjusted for household size in accordance with the methodology of the applicable median income standard selected from those enumerated in the definition of ``median income for the area,'' unless such median income standard has no household size adjustment methodology.     Visitable means, in either owner-occupied or rental housing, at least one entrance is at-grade (no steps) and approached by an accessible route such as a sidewalk, and the entrance door and all interior passage doors are at least 2 feet, 10 inches wide, offering 32 inches of clear passage space.

Subpart B--***Program*** Administration and Governance

Sec.  1291.10  Required annual AHP contribution.

    Each Bank shall contribute annually to its ***Program*** the greater of:     (a) 10 percent of the Bank's net earnings for the previous year; or     (b) That Bank's pro rata share of an aggregate of $100 million to be contributed in total by the Banks, such proration being made on the basis of the net earnings of the Banks for the previous year, except that the required annual AHP contribution for a Bank shall not exceed its net earnings in the previous year.

Sec.  1291.11  Temporary suspension of AHP contributions.

    (a) Request to FHFA. If a Bank finds that the contributions required pursuant to Sec.  1291.10 are contributing to the financial instability of the Bank, the Bank may apply in writing to FHFA for a temporary suspension of such contributions.     (b) Director review.--(1) In determining the financial instability of a Bank, the Director shall consider such factors as:     (i) Severely depressed Bank earnings;     (ii) A substantial decline in Bank membership capital; and     (iii) A substantial reduction in Bank advances outstanding.     (2) Limitations on grounds for suspension. The Director shall not suspend a Bank's annual AHP contributions if it determines that the Bank's reduction in earnings is due to:     (i) A change in the terms of advances to members that is not justified by market conditions;     (ii) Inordinate operating and administrative expenses; or     (iii) Mismanagement.

Sec.  1291.12  Allocation of required annual AHP contribution.

    Each Bank, after consultation with its Advisory Council and pursuant to written policies adopted by the Bank's board of directors, shall meet the following requirements for allocation of its required annual AHP contribution.     (a) General Fund. Each Bank shall allocate annually at least 50 percent of its required annual AHP contribution to provide funds to members through a General Fund established and

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administered by the Bank pursuant to the requirements of this part.     (b) Homeownership Set-Aside ***Programs***. A Bank may, in its discretion, allocate annually, in the aggregate, up to the greater of $4.5 million or 40 percent of its required annual AHP contribution to provide funds to members participating in Homeownership Set-Aside ***Programs*** established and administered by the Bank pursuant to the requirements of this part, provided that at least one-third of the Bank's aggregate annual set-aside allocation to such ***programs*** is allocated to assist first-time homebuyers or households for owner- occupied rehabilitation.     (c) Targeted Funds.--(1) Phase-in requirements for funding allocations. Unless otherwise directed by FHFA and subject to the phase-in requirements for the number of Targeted Funds in Sec.   1291.20(b), a Bank may, in its discretion, allocate annually, up to:     (i) 20 percent, in the aggregate, of its required annual AHP contribution to any Targeted Funds;     (ii) 30 percent, in the aggregate, of its required annual AHP contribution to any Targeted Funds, provided that it allocated at least 20 percent, in the aggregate, of its required annual AHP contribution to one or more Targeted Funds in any preceding year; or     (iii) 40 percent, in the aggregate, of its required annual AHP contribution to any Targeted Funds, provided that it allocated at least 30 percent, in the aggregate, of its required annual AHP contribution to one or more Targeted Funds in any preceding year.     (2) Transfer of uncommitted funds. A Bank shall transfer any uncommitted Targeted Fund amounts to its General Fund for awards to alternates under the General Fund in the same calendar year.     (d) Acceleration of funding. A Bank may, in its discretion, accelerate to its current year's ***Program*** from future required annual AHP contributions an amount up to the greater of $5 million or 20 percent of its required annual AHP contribution for the current year. The Bank may credit the amount of the accelerated contribution against required AHP contributions under this part 1291 over one or more of the subsequent five years.     (e) No delegation. A Bank's board of directors shall not delegate to a committee of the board, Bank officers, or other Bank employees the responsibility for adopting the Bank's policies for its General Fund and any Bank Targeted Funds and Homeownership Set-Aside ***Programs***.

Sec.  1291.13   Targeted Community Lending ***Plan***; AHP Implementation ***Plan***.

    (a) Targeted Community Lending ***Plan***. Pursuant to the requirements of 12 CFR 1290.6(a)(5)(v), a Bank's annual Targeted Community Lending ***Plan*** adopted under its community support ***program*** shall, among other things, identify the significant affordable housing needs in its district that will be addressed through its General Fund and any Bank Targeted Funds and Homeownership Set-Aside ***Programs***, as set forth in its AHP Implementation ***Plan***.     (b) AHP Implementation ***Plan***. Each Bank's board of directors, after consultation with its Advisory Council, shall adopt a written AHP Implementation ***Plan***, and shall not amend the AHP Implementation ***Plan*** without first consulting its Advisory Council. The Bank's board of directors shall not delegate to a committee of the board, Bank officers, or other Bank employees the responsibility for such prior consultations with the Advisory Council or the responsibility for adopting or amending the AHP Implementation ***Plan***. The AHP Implementation ***Plan*** shall set forth, at a minimum:     (1) The applicable median income standard or standards adopted by the Bank consistent with the definition of median income for the area in Sec.  1291.1     (2) For the General Fund established by the Bank pursuant to Sec.   1291.20(a), the Bank's requirements for the General Fund, including the specific funding allocation pursuant to Sec.  1291.12(a), the Bank's scoring criteria, including its scoring tie-breaker policy, adopted pursuant to Sec.  1291.25(d), and the possibility of re-ranking scored applications and alternates pursuant to Sec.  1291.26     (3) For each Targeted Fund established by the Bank, if any, pursuant to Sec.  1291.20(b), the Bank's requirements for the Targeted Fund, including the specific funding allocation pursuant to Sec.   1291.12(c), the Bank's scoring criteria, including its scoring tie- breaker policy, adopted pursuant to Sec.  1291.25(d), the possibility of re-ranking scored applications and alternates pursuant to Sec.   1291.26, and the controls adopted pursuant to Sec.  1291.20(c)(1).     (4) The Bank's policy on how it will decide under which Fund to approve a project that scores high enough to be approved under multiple Funds, pursuant to Sec.  1291.26(d).     (5) For each Homeownership Set-Aside ***Program*** established by the Bank, if any, pursuant to Sec.  1291.40, the Bank's requirements for the ***program***, including the specific funding allocation, how the one- third allocation requirement is apportioned with respect to first-time homebuyers and households for owner-occupied rehabilitation pursuant to Sec.  1291.12(b), and the Bank's application and subsidy disbursement methodology.     (6) The Bank's retention agreement requirements for rental projects under its General Fund and any Bank Targeted Funds pursuant to Sec.   1291.15(a)(7).     (7) Any optional Bank district eligibility requirements adopted by the Bank pursuant to Sec.  1291.24(c).     (8) The Bank's requirements for funding revolving loan funds, if adopted by the Bank pursuant to Sec.  1291.29;     (9) The Bank's requirements for funding loan pools, if adopted by the Bank pursuant to Sec.  1291.30;     (10) The Bank's requirements for monitoring under its General Fund and any Bank Targeted Funds and Homeownership Set-Aside ***Programs*** pursuant to Sec. Sec.  1291.50 and 1291.51     (c) Advisory Council review. Prior to the amendment of a Bank's AHP Implementation ***Plan***, the Bank shall provide its Advisory Council an opportunity to review the document, and the Advisory Council shall provide its recommendations to the Bank's board of directors for its consideration.     (d) Notification of ***Plan*** amendments to FHFA. A Bank shall notify FHFA of any amendments made to its AHP Implementation ***Plan*** within 30 days after the date of their adoption by the Bank's board of directors.     (e) Public access. A Bank shall publish its current AHP Implementation ***Plan*** on its publicly available website, and shall publish any amendments to the AHP Implementation ***Plan*** on the website within 30 days after the date of their adoption by the Bank's board of directors.

Sec.  1291.14  Advisory Councils.

    (a) Appointment.--(1) Each Bank's board of directors shall appoint an Advisory Council of 7 to 15 persons who reside in the Bank's district and are drawn from community and not-for-profit organizations that are actively involved in providing or promoting low- and moderate- income housing, and community and not-for-profit organizations that are actively involved in providing or promoting community lending, in the district. Community organizations include for-profit organizations.     (2) Each Bank shall solicit nominations for membership on the Advisory Council from community and not-for-profit organizations pursuant to a nomination process that is as broad

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and as participatory as possible, allowing sufficient time for responses.     (3) The Bank's board of directors shall appoint Advisory Council members from a diverse range of organizations so that representatives of no one group constitute an undue proportion of the membership of the Advisory Council, giving consideration to the size of the Bank's district and the diversity of low- and moderate-income housing and community lending needs and activities within the district.     (b) Terms of Advisory Council members. Pursuant to policies adopted by the Bank's board of directors, Advisory Council members shall be appointed by the Bank's board of directors to serve for terms of three years, which shall be staggered to provide continuity in experience and service to the Advisory Council, except that Advisory Council members may be appointed to serve for terms of one or two years solely for purposes of reconfiguring the staggering of the three-year terms. No Advisory Council member may be appointed to serve for more than three full consecutive terms. An Advisory Council member appointed to fill a vacancy shall be appointed for the unexpired term of his or her predecessor in office.     (c) Election of officers. Each Advisory Council shall elect from among its members a chairperson, a vice chairperson, and any other officers the Advisory Council deems appropriate.     (d) Duties--(1) Meetings with the Banks.--(i) The Advisory Council shall meet with representatives of the Bank's board of directors at least quarterly to provide advice on ways in which the Bank can better carry out its housing finance and community lending mission, including, but not limited to, advice on the low- and moderate-income housing and community lending ***programs*** and needs in the Bank's district, and on the use of AHP subsidies, Bank advances, and other Bank credit products for these purposes.     (ii) The Advisory Council's advice shall include recommendations on:     (A) The Bank's Targeted Community Lending ***Plan***, and any amendments thereto, adopted by the Bank pursuant to 12 CFR 1290.6(a)(5)(iii);     (B) The amount of AHP funds to be allocated to the Bank's General Fund and any Bank Targeted Funds, and the amount of AHP funds to be allocated to any Bank Homeownership Set-Aside ***Programs***, including the apportionment of the funds between first-time homebuyers and households for owner-occupied rehabilitation under the one-third allocation requirement in Sec.  1291.12(b);     (C) The AHP Implementation ***Plan*** and any subsequent amendments thereto;     (D) The Bank's scoring criteria, related definitions, and any additional optional district eligibility requirements for the Bank's General Fund and any Bank Targeted Funds; and     (E) The eligibility requirements and any priority criteria for any Bank Homeownership Set-Aside ***Programs***.     (2) Summary of AHP applications. The Bank shall comply with requests from the Advisory Council for summary information regarding AHP applications from prior funding periods.     (3) Annual analysis; public access--(i) Each Advisory Council annually shall submit to FHFA by May 1 its analysis of the low- and moderate-income housing and community lending activity of the Bank by which it is appointed.     (ii) Within 30 days after the date the Advisory Council's annual analysis is submitted to FHFA, the Bank shall publish the analysis on its publicly available website.     (e) Expenses. The Bank shall pay Advisory Council members' travel expenses, including transportation and subsistence, for each day devoted to attending meetings with representatives of the board of directors of the Bank and meetings requested by FHFA.     (f) No delegation. A Bank's board of directors may delegate to a committee of the board, but not to Bank officers or other Bank employees, the responsibility to appoint persons as members of the Advisory Council. A Bank's board of directors may not delegate to a committee of the board, Bank officers, or other Bank employees the responsibility to meet with the Advisory Council at the quarterly meetings required by the Bank Act (12 U.S.C 1430(j)(11)).

Sec.  1291.15   Agreements.

    (a) Agreements between Banks and members. A Bank shall have in place with each member receiving an AHP subsidized advance or AHP direct subsidy an agreement or agreements containing, at a minimum, the following provisions, where applicable:     (1) Notification of member. The member has been notified of the requirements of this part as they may be amended from time to time, and all Bank policies relevant to the member's approved application for AHP subsidy.     (2) AHP subsidy pass-through. The member shall pass on the full amount of the AHP subsidy to the project or household, as applicable, for which the subsidy was approved.     (3) Use of AHP subsidy--(i) Use of AHP subsidy by the member. The member shall use the AHP subsidy in accordance with the terms of the member's approved application for the subsidy and the requirements of this part.     (ii) Use of AHP subsidy by the project sponsor or owner. The member shall have in place an agreement with each project sponsor or project owner in which the project sponsor or project owner agrees to use the AHP subsidy in accordance with the terms of the member's approved application for the subsidy and the requirements of this part.     (4) Repayment of AHP subsidies in case of noncompliance.--(i) Noncompliance by the member. The member shall repay AHP subsidies to the Bank in accordance with the requirements of Sec.  1291.61     (ii) Noncompliance by a project sponsor or project owner.--(A) Agreement. The member shall have in place an agreement with each project sponsor or project owner in which the project sponsor or project owner agrees to repay AHP subsidies to the member or the Bank in accordance with the requirements of Sec.  1291.60     (B) Recovery of AHP subsidies.--(i) Noncompliance by the member. The member shall recover from the project sponsor or project owner and repay to the Bank AHP subsidy in accordance with the requirements of Sec.  1291.60 (if applicable).     (5) Project monitoring--(i) Monitoring by the member. The member shall comply with the monitoring requirements applicable to it, as established by the Bank in its monitoring policies pursuant to Sec. Sec.  1291.50 and 1291.51     (ii) Agreement. The member shall have in place an agreement with each project sponsor and project owner, in which the project sponsor and project owner agree to comply with the monitoring requirements applicable to such parties, as established by the Bank in its monitoring policies pursuant to Sec.  1291.50, which shall also include agreeing to provide prompt written notice to the Bank if the project also received tax credits under the Low-Income Housing Tax Credit ***Program*** and the project is in noncompliance with the income targeting or rent requirements applicable under the Low-Income Housing Tax Credit ***Program*** at any time during the AHP 15-year retention period.     (6) Transfer of AHP obligations--(i) To another member. The member shall make best efforts to transfer its obligations under the approved

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application for AHP subsidy to another member in the event of its loss of membership in the Bank prior to the Bank's final disbursement of AHP subsidies.     (ii) To a nonmember. If, after final disbursement of AHP subsidies to the member, the member undergoes an acquisition or a consolidation resulting in a successor organization that is not a member of the Bank, the nonmember successor organization assumes the member's obligations under its approved application for AHP subsidy, and where the member received an AHP subsidized advance, the nonmember assumes such obligations until prepayment or orderly liquidation by the nonmember of the subsidized advance.     (7) Retention agreements for rental projects. The member shall ensure that an AHP-assisted rental project is subject to a deed restriction or other legally enforceable retention agreement or mechanism requiring that:     (i) The project's rental units, or applicable portion thereof, must remain occupied by and affordable for households with incomes at or below the levels committed to be served in the approved AHP application for the duration of the retention period;     (ii) The Bank and its designee is to be given notice of any sale, transfer, assignment of title or deed, or refinancing of the project during the retention period;     (iii) In the case of a sale, transfer, assignment of title or deed, or refinancing of the project by the owner during the retention period, the full amount of the AHP subsidy received by the owner shall be repaid to the Bank, unless:     (A) The project continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism incorporating the income-eligibility and affordability restrictions committed to in the approved AHP application for the duration of the retention period; or     (B) If authorized by the Bank, in its discretion, the households are relocated, due to the exercise of eminent domain, or for expansion of housing or services, to another property that is made subject to a deed restriction or other legally enforceable retention agreement or mechanism incorporating the income-eligibility and affordability restrictions committed to in the approved AHP application for the remainder of the retention period; and     (iv) The income-eligibility and affordability restrictions applicable to the project shall terminate after any foreclosure.     (8) Lending of AHP direct subsidies. If a member or a project sponsor lends AHP direct subsidy to a project, any repayments of principal and payments of interest received by the member or the project sponsor must be paid forthwith to the Bank, unless the direct subsidy is being both lent and re-lent by a revolving loan fund pursuant to Sec.  1291.29(d).     (9) Special provisions where members obtain AHP subsidized advances.--(i) Repayment schedule. The term of an AHP subsidized advance shall be no longer than the term of the member's loan to the project funded by the advance, and at least once in every 12-month period, the member shall be scheduled to make a principal repayment to the Bank equal to the amount scheduled to be repaid to the member on its loan to the project in that period.     (ii) Prepayment fees. Upon a prepayment of an AHP subsidized advance, the Bank shall charge a prepayment fee only to the extent the Bank suffers an economic loss from the prepayment.     (iii) Treatment of loan prepayment by project. If all or a portion of the loan or loans financed by an AHP subsidized advance are prepaid by the project to the member, the member may, at its option, either:     (A) Repay to the Bank that portion of the advance used to make the loan or loans to the project, and be subject to a fee imposed by the Bank sufficient to compensate the Bank for any economic loss the Bank experiences in reinvesting the repaid amount at a rate of return below the cost of funds originally used by the Bank to calculate the interest rate subsidy incorporated in the advance; or     (B) Continue to maintain the advance outstanding, subject to the Bank resetting the interest rate on that portion of the advance used to make the loan or loans to the project to a rate equal to the cost of funds originally used by the Bank to calculate the interest rate subsidy incorporated in the advance.     (b) Agreements between Banks and project sponsors or project owners.--(1) A Bank may have in place an agreement with each project sponsor or project owner, in which the project sponsor or project owner agrees to repay AHP subsidies directly to the Bank in accordance with the requirements of Sec.  1291.60     (2) Project sponsor qualifications. A Bank's AHP subsidy application form or other related document must include project sponsor qualification criteria that evaluate the ability of the project sponsor (including all affiliates and team members such as the general contractor) to perform the responsibilities committed to in the application. The application form or other related document shall include a requirement for the project sponsor to provide certifications or respond to specific questions about whether the project sponsor (and affiliates and team members such as the general contractor) have engaged in misconduct as defined in FHFA's Suspended Counterparty ***Program*** regulation (12 CFR part 1227), or as defined by the Bank. A Bank's AHP subsidy disbursement form or other related form shall include a requirement for similar certifications or questions for the project sponsor to complete prior to each disbursement of AHP subsidy.     (c) Application to existing AHP projects and units. The requirements of section 10(j) of the Bank Act (12 U.S.C 1430(j)) and the provisions of this part, as amended, are incorporated into all agreements between Banks, members, project sponsors, and project owners receiving AHP subsidies under the General Fund and any Bank Targeted Funds, and between Banks, members and unit owners under any Bank Homeownership Set-Aside ***Programs***. To the extent the requirements of this part are amended from time to time, such agreements are deemed to incorporate the amendments to conform to any new requirements of this part. No amendment to this part shall affect the legality of actions taken prior to the effective date of such amendment.

Sec.  1291.16   Conflicts of interest.

    (a) Bank directors and employees.--(1) Each Bank's board of directors shall adopt a written policy providing that if a Bank director or employee, or such person's family member, has a financial interest in, or is a director, officer, or employee of an organization involved in, a project that is the subject of a pending or approved AHP application, the Bank director or employee shall not participate in or attempt to influence decisions by the Bank regarding the evaluation, approval, funding, monitoring, or any remedial process for such project.     (2) If a Bank director or employee, or such person's family member, has a financial interest in, or is a director, officer, or employee of an organization involved in, an AHP project such that he or she is subject to the requirements in paragraph (a)(1) of this section, such person shall not participate in or attempt to influence decisions by the Bank regarding the evaluation, approval, funding, monitoring, or any remedial process for such project.

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    (b) Advisory Council members.--(1) Each Bank's board of directors shall adopt a written policy providing that if an Advisory Council member, or such person's family member, has a financial interest in, or is a director, officer, or employee of an organization involved in, a project that is the subject of a pending or approved AHP application, the Advisory Council member shall not participate in or attempt to influence decisions by the Bank regarding the approval for such project.     (2) If an Advisory Council member, or such person's family member, has a financial interest in, or is a director, officer, or employee of an organization involved in, an AHP project such that he or she is subject to the requirements in paragraph (b)(1) of this section, such person shall not participate in or attempt to influence decisions by the Bank regarding the approval for such project.     (c) No delegation. A Bank's board of directors shall not delegate to Bank officers or other Bank employees the responsibility to adopt the conflict of interest policies required by this section.

Subpart C--General Fund and Targeted Funds

Sec.  1291.20   Establishment of ***programs***.

    (a) General Fund. A Bank shall establish a General Fund pursuant to the requirements of this part.     (b) Targeted Funds.--(1) Number of Funds. A Bank may establish, in its discretion, a maximum of three Targeted Funds pursuant to the requirements of paragraph (b)(2) of this section, the phase-in funding allocation requirements in Sec.  1291.12(c)(1), and any other applicable requirements of this part. A Bank may not establish or administer a Targeted Fund unless at least 12 months have passed since the publication of the Targeted Community Lending ***Plan*** in which the Bank identifies the specific housing needs to be addressed by that Targeted Fund.     (2) Phase-in requirements for number of Funds. Unless otherwise directed by FHFA, a Bank may establish:     (i) One Targeted Fund;     (ii) Two Targeted Funds to be administered concurrently, provided that the Bank administered at least one Targeted Fund in any preceding year; or     (iii) Three Targeted Funds to be administered concurrently, provided that the Bank administered at least two Targeted Funds in any preceding year.     (c) Eligibility requirements.--(1) A Bank shall adopt and implement controls, which shall be included in its AHP Implementation ***Plan***, for ensuring that each Targeted Fund is designed to receive sufficient numbers of applicants for the amount of AHP funds allocated to the Targeted Fund to enable the Bank to facilitate a genuinely competitive scoring process.     (2) A Bank may not adopt additional eligibility requirements for its General Fund and any Targeted Funds except as specifically authorized in this part.

Sec.  1291.21   Eligible applicants.

    (a) Member applicants. A Bank shall accept applications for AHP subsidy under its General Fund and any Bank Targeted Funds only from institutions that are members of the Bank at the time the application is submitted to the Bank.     (b) Project sponsor qualifications--(i) In general. A project sponsor, including all affiliates and team members such as the general contractor, must be qualified and able to perform its responsibilities as committed to in the application for AHP subsidy funding the project.     (ii) Revolving loan fund. Pursuant to written policies adopted by a Bank's board of directors, a revolving loan fund sponsor that intends to use AHP direct subsidy in accordance with Sec.  1291.29 shall:     (A) Provide audited financial statements that its operations are consistent with sound business practices; and     (B) Demonstrate the ability to re-lend AHP subsidy repayments on a timely basis and track the use of the AHP subsidy.     (iii) Loan pool. Pursuant to written policies adopted by a Bank's board of directors, a loan pool sponsor that intends to use AHP subsidy in accordance with Sec.  1291.30 shall:     (A) Provide evidence of sound asset/liability management practices;     (B) Provide audited financial statements that its operations are consistent with sound business practices; and     (C) Demonstrate the ability to track the use of the AHP subsidy.

Sec.  1291.22   Funding periods; application process.

    (a) Funding periods. A Bank may accept applications for AHP subsidy under its General Fund and any Bank Targeted Funds during a specified number of funding periods each year, as determined by the Bank.     (b) Submission of applications. Except as provided in Sec.   1291.29(a), a Bank shall require applications for AHP subsidy to contain information sufficient for the Bank to:     (1) Determine that the proposed AHP project meets the eligibility requirements of this part; and     (2) Evaluate the application pursuant to the scoring methodology adopted by the Bank pursuant to Sec.  1291.25     (c) Review of applications submitted. Except as provided in Sec.   1291.29(b), a Bank shall review the applications for AHP subsidy to determine that the proposed AHP project meets the eligibility requirements of this part, and shall evaluate the applications pursuant to the Bank's scoring methodology adopted pursuant to Sec.  1291.25

Sec.  1291.23  Eligible projects.

    Projects receiving AHP subsidies pursuant to a Bank's General Fund and any Bank Targeted Funds must meet the following eligibility requirements:     (a) Owner-occupied or rental housing. The AHP subsidy shall be used exclusively for:     (1) Owner-occupied housing. The purchase, construction, or rehabilitation of an owner-occupied project by or for very low-income or low- or moderate-income households, where the housing is to be used as the household's primary residence. A household must have an income meeting the income targeting commitments in the approved AHP application at the time it is qualified by the project sponsor for participation in the project;     (2) Rental housing. The purchase, construction, or rehabilitation of a rental project, where at least 20 percent of the units in the project are occupied by and affordable for very low-income households.     (i) Projects that are not occupied. For a rental project that is not occupied at the time the AHP application is submitted to the Bank for approval, a household must have an income meeting the income targeting commitments in the approved AHP application upon initial occupancy of the rental unit.     (ii) Projects that are occupied. For a rental project involving purchase or rehabilitation that is occupied at the time the AHP application is submitted to the Bank for approval, a household must have an income meeting the income targeting commitments in the approved AHP application at the time of such submission. If the project has a ***plan*** approved by one of its primary funders to relocate the households not meeting the income targeting commitments, a household must have an income meeting the income targeting commitments upon initial occupancy of the rental unit.     (b) Project feasibility--(1) Developmental feasibility. The project must be likely to be completed and occupied, based on relevant factors contained in the Bank's project

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feasibility guidelines, including, but not limited to, the development budget, market analysis, and project sponsor's experience in providing the requested assistance to households.     (2) Operational feasibility of rental projects. A rental project must be able to operate in a financially sound manner, in accordance with the Bank's project feasibility guidelines, as projected in the project's operating pro forma.     (c) Timing of AHP subsidy use. Some or all of the AHP subsidy must be likely to be drawn down by the project or used by the project to procure other financing commitments within 12 months of the date of approval of the application for AHP subsidy funding the project.     (d) Retention agreements for rental projects. AHP-assisted rental projects are, or are committed to be, subject to a 15-year retention agreement as described in Sec.  1291.15(a)(7).     (e) Fair housing. The project, as proposed, must comply with applicable federal and state laws on fair housing and housing accessibility, including, but not limited to, the Fair Housing Act, the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, and the Architectural Barriers Act of 1969, and must demonstrate how the project will be affirmatively marketed.

Sec.  1291.24   Eligible uses.

    (a) Eligible uses of AHP subsidy. AHP subsidies shall be used only for:     (1) Owner-occupied housing. The purchase, construction, or rehabilitation of owner-occupied housing.     (2) Rental housing. The purchase, construction, or rehabilitation of rental housing.     (3) Need for AHP subsidy--(i) Review of project development budget and operating pro forma--(A) In the case of an owner-occupied project, a Bank shall review the project's development budget in determining its need for AHP subsidy. The project's estimated sources of funds must equal its estimated uses of funds, as reflected in the project's development budget. The difference between the project's sources of funds and uses of funds is the project's need for AHP subsidy, which is the maximum amount of AHP subsidy the project may receive.     (B) In the case of a rental project, a Bank shall review both the project's development budget and operating pro forma in determining its need for AHP subsidy. Where the project's uses of funds exceed its sources of funds, the difference demonstrates a funding gap and provides support for the project's need for AHP subsidy, provided that the project's cash flow and costs are reasonable. This is the maximum amount of AHP subsidy that the project may receive.     (C) A Bank, in its discretion, may permit a project's sources of funds to include or exclude the estimated market value of in-kind donations and voluntary professional labor or services (excluding the value of sweat equity), provided that the project's uses of funds also include or exclude, respectively, the value of such estimates.     (ii) Cash sources of funds. A project's cash sources of funds shall include any cash contributions by the sponsor, any cash from sources other than the sponsor, and estimates of funds the project sponsor intends to obtain from other sources but which have not yet been committed to the project. In the case of homeownership projects where the sponsor extends permanent financing to the homebuyer, the sponsor's cash contribution shall include the present value of any payments the sponsor is to receive from the buyer, which shall include any cash down payment from the buyer, plus the present value of any purchase note the sponsor holds on the unit. If the note carries a market interest rate commensurate with the credit quality of the buyer, the present value of the note equals the face value of the note. If the note carries an interest rate below the market rate, the present value of the note shall be determined using the market rate to discount the cash flows.     (iii) Cash uses. A project's cash uses are the actual outlay of cash needed to pay for materials, labor, and acquisition or other costs of completing the project. Cash costs do not include in-kind donations, voluntary professional labor or services, or sweat equity.     (4) Project costs.--(i) In general.--(A) Taking into consideration the geographic location of the project, development conditions, and other non-financial household or project characteristics, a Bank shall determine that a project's costs, as reflected in the project's development budget, are reasonable, in accordance with the Bank's project cost guidelines.     (B) For purposes of determining the reasonableness of a developer's fee for a project as a percentage of total development costs, a Bank may, in its discretion, include estimates of the market value of in- kind donations and volunteer professional labor or services (excluding the value of sweat equity) committed to the project as part of the total development costs.     (ii) Cost of property and services provided by a member. The purchase price of property or services, as reflected in the project's development budget, sold to the project by a member providing AHP subsidy to the project, or, in the case of property, upon which such member holds a mortgage or lien, may not exceed the market value of such property or services as of the date the purchase price was agreed upon. In the case of real estate owned property sold to a project by a member providing AHP subsidy to the project, or property sold to the project upon which the member holds a mortgage or lien, the market value of such property is deemed to be the ``as-is'' or ``as- rehabilitated'' value of the property, whichever is appropriate. That value shall be reflected in an independent appraisal of the property performed by a state certified or licensed appraiser, as defined in 12 CFR 564.2(j) and (k), within 6 months prior to the date the Bank disburses AHP subsidy to the project.     (5) Financing costs. The rate of interest, points, fees, and any other charges for all loans that are made for the project in conjunction with the AHP subsidy shall not exceed a reasonable market rate of interest, points, fees, and other charges for loans of similar maturity, terms, and risk.     (6) Counseling costs. Counseling costs, provided:     (i) Such costs are incurred in connection with counseling of homebuyers who actually purchase an AHP-assisted unit; and     (ii) The cost of the counseling has not been covered by another funding source, including the member.     (7) Refinancing. Refinancing of an existing single-family or multifamily mortgage loan, provided that the refinancing ***produces*** equity proceeds and such equity proceeds up to the amount of the AHP subsidy in the project shall be used only for the purchase, construction, or rehabilitation of housing units meeting the eligibility requirements of this part.     (8) Calculation of AHP subsidy.--(i) Where an AHP direct subsidy is provided to a project to write down the interest rate on a loan extended by a member, sponsor, or other party to a project, the net present value of the interest foregone from making the loan below the lender's market interest rate shall be calculated as of the date the application for AHP subsidy is submitted to the Bank, and subject to adjustment under Sec.  1291.28(d).     (ii) Where an AHP subsidized advance is provided to a project, the net present value of the interest revenue foregone from making a subsidized advance at a rate below the Bank's cost of funds shall be determined as of the earlier of the date of disbursement of the

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subsidized advance or the date prior to disbursement on which the Bank first manages the funding to support the subsidized advance through its asset/liability management system, or otherwise.     (b) Prohibited uses of AHP subsidy. AHP subsidy may not be used to pay for:     (1) Certain prepayment fees. Prepayment fees imposed by a Bank on a member for a subsidized advance that is prepaid, unless:     (i) The project is in financial distress that cannot be remedied through a project modification pursuant to Sec.  1291.27;     (ii) The prepayment of the subsidized advance is necessary to retain the project's affordability and income targeting commitments;     (iii) Subsequent to such prepayment, the project will continue to comply with the terms of the approved AHP application and the requirements of this part for the duration of the original retention period;     (iv) Any unused AHP subsidy is returned to the Bank and made available for other AHP projects; and     (v) The amount of AHP subsidy used for the prepayment fee may not exceed the amount of the member's prepayment fee to the Bank;     (2) Cancellation fees. Cancellation fees and penalties imposed by a Bank on a member for a subsidized advance commitment that is canceled;     (3) Processing fees. Processing fees charged by members for providing AHP direct subsidies to a project; or     (4) Reserves and certain expenses. Capitalized reserves, periodic deposits to reserve accounts, operating expenses, or supportive services expenses.     (c) Optional Bank district eligibility requirements. A Bank may require a project receiving AHP subsidies to meet one or more of the following additional eligibility requirements adopted by the Bank's board of directors and included in its AHP Implementation ***Plan*** after consultation with its Advisory Council:     (1) AHP subsidy limits. A requirement that the amount of AHP subsidy requested for the project does not exceed limits established by the Bank as to the maximum amount of AHP subsidy available per member, per project sponsor, per project, or per project unit in a single AHP funding period. A Bank may establish only one maximum subsidy limit per member, per sponsor, per project, or per project unit for the General Fund and for each Targeted Fund, which shall apply to all applicants to the specific Fund, but the maximum subsidy limit per project or per project unit may differ for each Fund; or     (2) Homebuyer or homeowner counseling. A requirement that a household must complete a homebuyer or homeowner counseling ***program*** provided by, or based on one provided by, an organization recognized as experienced in homebuyer or homeowner counseling, respectively.     (d) Applications to multiple Funds. If an application for the same project is submitted to multiple Funds in an AHP funding period, each application must be for the same amount of AHP subsidy.

Sec.  1291.25   Scoring methodology.

    (a) Scoring methodology. A Bank shall establish a written scoring methodology for its General Fund and each Targeted Fund it establishes, and shall score applications received for a particular Fund pursuant to the scoring methodology for that Fund. The scoring methodology may be different for each Fund. The scoring methodology shall set forth the Bank's competitive application scoring criteria, related definitions and point allocations, and shall reflect the affordable housing needs that the Bank identified in its Targeted Community Lending ***Plan*** would be addressed under its Funds. The Bank shall design its scoring methodology for the General Fund and each Targeted Fund to ensure that the Bank will meet the outcome requirements for the statutory and regulatory priorities in Sec.  1291.48 The scoring methodology may include scoring criteria adopted by the Bank to address specific affordable housing needs in the Bank's district (Bank district priorities) that differ from the housing needs specified under the statutory and regulatory priorities in Sec.  1291.48, as long as the outcome requirements specified in Sec.  1291.48 are achieved.     (b) Point allocations. A Bank shall allocate 100 points among its scoring criteria for its General Fund and for each Targeted Fund.     (c) In-district projects. If a Bank adopts a scoring criterion under its General Fund for housing located in the Bank's district, the Bank shall not allocate points to the scoring criterion in such a way as to exclude all out-of-district projects from its General Fund.     (d) Scoring tie-breaker policy. A Bank shall establish a scoring tie-breaker policy to address the possibility of two or more applications to a Fund having identical scores in the same AHP funding period and there is insufficient AHP subsidy to approve all of the tied applications. A Bank shall meet the following requirements in establishing its scoring tie-breaker policy:     (1) The Bank shall consult with its Advisory Council prior to adoption of its policy;     (2) The Bank shall adopt the policy in advance of an AHP funding period and include it in its AHP Implementation ***Plan***;     (3) The policy shall include the methodology used to break a scoring tie, which may differ for each Fund, and which shall be drawn from the particular Fund's scoring criteria adopted in the Bank's AHP Implementation ***Plan***;     (4) The scoring tie-breaker methodology shall be reasonable, transparent, verifiable, and impartial;     (5) The scoring tie-breaker methodology shall be used solely to break a scoring tie and may not affect the eligibility of the applications, including financial feasibility, or their scores and resultant rankings;     (6) The Bank shall approve a tied application as an alternate pursuant to Sec.  1291.26(c) if the application does not prevail under the scoring tie-breaker methodology, or if the application is tied with another application but requested more subsidy than the amount of AHP funds that remain to be awarded; and     (7) The Bank shall document in writing its analysis and results for each use of the scoring tie-breaker methodology.

Sec.  1291.26   Approval of AHP applications.

    (a) Approval of applications. Except as provided in paragraphs (c), (d), and (e) of this section, a Bank's board of directors shall approve applications for AHP subsidy under its General Fund and any Bank Targeted Funds that meet all of the applicable AHP eligibility requirements in this part, in descending order starting with the highest scoring application until the total funding amount for the particular AHP funding period, except for any amount insufficient to fund the next highest scoring application, has been approved.     (b) Alternates. For the General Fund, the Bank's board of directors also shall approve at least the next four highest scoring applications as alternates and, within one year of approval, must approve such alternates for funding if any previously committed AHP subsidies become available. For any Bank Targeted Funds, the Bank may, in its discretion, approve alternates.     (c) Tied applications. Where two or more applications to a Fund have identical scores in the same AHP funding period and there is insufficient AHP subsidy to approve all of the tied

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applications, a Bank shall approve the tied application that prevails under the Bank's scoring tie-breaker methodology in its policy adopted pursuant to Sec.  1291.25(d). The Bank must approve a tied application as an alternate if it does not prevail under the scoring tie-breaker methodology, or if it is tied with another application but requested more subsidy than the amount of AHP funds that remain to be awarded under the Fund.     (d) Applications to multiple Funds. If an application for the same project is submitted to more than one Fund at a Bank in an AHP funding period and the application scores high enough to be approved under each Fund, the Bank shall approve the application under only one of the Funds pursuant to the Bank's policy established in its AHP Implementation ***Plan***.     (e) Re-ranking of scored applications and alternates. To satisfy the outcome requirements of Sec.  1291.48, a Bank may deviate from the ranking order after scoring applications and alternates under this section, but only to the minimum extent necessary by re-ranking scored applications and alternates meeting the outcome requirements above the lowest scoring applications and alternates not meeting the outcome requirements. A Bank shall describe the possibility of re-ranking in its AHP Implementation ***Plan***.     (f) No delegation. A Bank's board of directors may not delegate to a committee of the board, Bank officers, or other Bank employees the responsibility to approve or disapprove the AHP subsidy applications and alternates under the Bank's General Fund and any Bank Targeted Funds.

Sec.  1291.27   Modifications of approved AHP applications.

    (a) Modification procedure. Except as provided in paragraph (b) of this section for modification requests for AHP subsidy increases, if, prior to or after final disbursement of funds to a project from all funding sources, in order to remedy noncompliance or receive additional subsidy, there is or will be a change in the project that would change the score that the project application received in the funding period in which it was originally scored and approved, had the changed facts been operative at that time, a Bank shall approve in writing a request for a modification to the terms of the approved application, provided that:     (1) The Bank first requested that the project cure any noncompliance and the cure was not successful after a reasonable period of time;     (2) The project, incorporating any such changes, would meet the eligibility requirements of this part;     (3) The application, as reflective of such changes, continues to score as high as the lowest ranking alternate that was approved for funding by the Bank in the AHP funding period in which the application was originally scored and approved by the Bank; and     (4) There is good cause for the modification, which may not be solely remediation of noncompliance, and the analysis and justification for the modification are documented by the Bank in writing.     (b) AHP subsidy increases; no delegation.--(1) AHP subsidy increases. A Bank's board of directors may, in its discretion, approve or disapprove requests for modifications involving an increase in AHP subsidy in accordance with the requirements of paragraph (a) of this section.     (2) No delegation. The authority to approve or disapprove requests for modifications involving an increase in AHP subsidy shall not be delegated by the Bank's board of directors to Bank officers or other Bank employees.

Sec.  1291.28   Procedures for funding.

    (a) Disbursement of AHP subsidies to members.--(1) A Bank may disburse AHP subsidies only to institutions that are members of the Bank at the time they request a draw-down of the subsidies.     (2) If an institution with an approved application for AHP subsidy loses its membership in a Bank, the Bank may disburse AHP subsidies to a member of such Bank to which the institution has transferred its obligations under the approved AHP application, or the Bank may disburse AHP subsidies through another Bank to a member of that Bank that has assumed the institution's obligations under the approved AHP application.     (b) Progress towards use of AHP subsidy. A Bank shall establish and implement policies, including time limits, for determining whether progress is being made towards draw-down and use of AHP subsidies by approved projects, and whether to cancel AHP application approvals for lack of such progress. If a Bank cancels any AHP application approvals due to lack of such progress, the Bank shall make the AHP subsidies available for other AHP-eligible projects.     (c) Compliance upon disbursement of AHP subsidies. A Bank shall establish and implement policies for determining, prior to its initial disbursement of AHP subsidies for an approved project, and prior to each subsequent disbursement if the need for AHP subsidy has changed, that the project meets the eligibility requirements of this part and all obligations committed to in the approved AHP application. If a Bank cancels any AHP application approvals due to noncompliance with eligibility requirements of this part, the Bank shall make the AHP subsidies available for other AHP-eligible projects.     (d) Changes in approved AHP subsidy amount where a direct subsidy is used to write down prior to closing the principal amount or interest rate on a loan. If a member is approved to receive AHP direct subsidy to write down prior to closing the principal amount or the interest rate on a loan to a project, and the amount of AHP subsidy required to maintain the debt service cost for the loan decreases from the amount of AHP subsidy initially approved by the Bank due to a decrease in market interest rates between the time of approval and the time the lender commits to the interest rate to finance the project, the Bank shall reduce the AHP subsidy amount accordingly. If market interest rates rise between the time of approval and the time the lender commits to the interest rate to finance the project, the Bank, in its discretion, may increase the AHP subsidy amount accordingly.     (e) AHP outlay adjustment. If a Bank reduces the amount of AHP subsidy approved for a project, the amount of such reduction shall be returned to the Bank's AHP fund. If a Bank increases the amount of AHP subsidy approved for a project, the amount of such increase shall be drawn first from any currently uncommitted or repaid AHP subsidies and then from the Bank's required AHP contribution for the next year.

Sec.  1291.29  Lending and re-lending of AHP direct subsidy by revolving loan funds.

    Pursuant to written policies established by a Bank's board of directors after consultation with its Advisory Council, a Bank, in its discretion, may provide AHP direct subsidy under its General Fund or any Bank Targeted Funds for eligible projects and households involving both the lending of the subsidy and subsequent lending of subsidy principal and interest repayments by a revolving loan fund, provided the following requirements are met:     (a) Submission of application.--(1) An application for AHP subsidy under this section shall include the revolving loan fund's criteria for the initial lending of the subsidy, identification of and information on a specific proposed AHP project if required in the Bank's discretion, the revolving loan fund's

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criteria for subsequent lending of subsidy principal and interest repayments, and any other information required by the Bank.     (2) The information in the application shall be sufficient for the Bank to:     (i) Determine that the criteria for the initial lending of the subsidy, the specific proposed project if applicable, and the criteria for subsequent lending of subsidy principal and interest repayments, meet the eligibility requirements of Sec.  1291.23; and     (ii) Evaluate the criteria for the initial lending of the subsidy, and the specific proposed project if applicable, pursuant to the scoring methodology established by the Bank pursuant to Sec.   1291.25(a).     (b) Review of application. A Bank shall review the application for AHP subsidy to determine that the criteria for the initial lending of the subsidy, the specific proposed project if applicable, and the criteria for subsequent lending of subsidy principal and interest repayments, meet the eligibility requirements of Sec.  1291.23, and shall evaluate the criteria for the initial lending of the subsidy and the specific proposed project, if applicable, pursuant to the scoring methodology established by the Bank pursuant to Sec.  1291.25(a).     (c) Initial lending of subsidy.--(1) The revolving loan fund's initial lending of the AHP subsidy shall meet the eligibility requirements of paragraph (a) of this section, shall be to projects or households meeting the commitments in the approved application for AHP subsidy, and shall be subject to the requirements in Sec. Sec.  1291.15 and 1291.50, respectively.     (2) If a project funded under this paragraph (c) is in noncompliance with the commitments in the approved AHP application, or is sold or refinanced prior to the end of the applicable AHP retention period, the required amount of AHP subsidy shall be repaid to the revolving loan fund in accordance with Sec. Sec.  1291.15(a)(8) and 1291.60, and the revolving loan fund shall re-lend such repaid subsidy, excluding the amounts of AHP subsidy principal already repaid to the revolving loan fund, to another project meeting the initial lending requirements of this paragraph (c) for the remainder of the retention period.     (d) Subsequent lending of AHP subsidy principal and interest repayments--(1) AHP subsidy principal and interest repayments received by the revolving loan fund from the initial lending of the AHP direct subsidy shall be re-lent by the revolving loan fund in accordance with the requirements of this paragraph (d), except that the revolving loan fund, in its discretion, may provide part or all of such repayments as nonrepayable grants to eligible projects in accordance with the requirements of this paragraph (d).     (2) The revolving loan fund's subsequent lending of AHP subsidy principal and interest repayments shall be for the purchase, construction, or rehabilitation of owner-occupied projects for households with incomes at or below 80 percent of the median income for the area, or of rental projects where at least 20 percent of the units are occupied by and affordable for households with incomes at or below 50 percent of the median income for the area, and shall meet all other eligibility requirements of this paragraph (d).     (3) A Bank may, in its discretion, require the revolving loan fund's subsequent lending of subsidy principal and interest repayments to be subject to retention period, monitoring, and recapture requirements for rental projects, as defined by the Bank in its AHP Implementation ***Plan***.     (e) Return of unused AHP subsidy. The revolving loan fund shall return to the Bank any AHP subsidy that will not be used according to the requirements in this section.

Sec.  1291.30  Use of AHP subsidy in loan pools.

    Pursuant to written policies established by a Bank's board of directors after consultation with its Advisory Council, a Bank, in its discretion, may provide AHP subsidy under its General Fund or any Bank Targeted Funds for the origination of first mortgage or rehabilitation loans with subsidized interest rates to AHP-eligible households through a purchase commitment by an entity that will purchase and pool the loans, provided the following requirements are met:     (a) Eligibility requirements. The loan pool sponsor's use of the AHP subsidies shall meet the requirements under this section, and shall not be used for the purpose of providing liquidity to the originator or holder of the loans, or paying the loan pool's operating or secondary market transaction costs.     (b) Forward commitment--(1) The loan pool sponsor shall purchase the loans pursuant to a forward commitment that identifies the loans to be originated with interest-rate reductions as specified in the approved application for AHP subsidy to households with incomes at or below 80 percent of the median income for the area. Both initial purchases of loans for the AHP loan pool and subsequent purchases of loans to substitute for repaid loans in the pool shall be made pursuant to the terms of such forward commitment and subject to time limits on the use of the AHP subsidy as specified by the Bank in its AHP Implementation ***Plan*** and the Bank's agreement with the loan pool sponsor, which shall not exceed 1 year from the date of approval of the AHP application.     (2) As an alternative to using a forward commitment, the loan pool sponsor may purchase an initial round of loans that were not originated pursuant to an AHP-specific forward commitment, provided that the entities from which the loans were purchased are required to use the proceeds from the initial loan purchases within time limits on the use of the AHP subsidy as specified by the Bank in its AHP Implementation ***Plan*** and the Bank's agreement with the loan pool sponsor, which shall not exceed 1 year from the date of approval of the AHP application. The proceeds shall be used by such entities to assist households that are income-eligible under the approved AHP application during subsequent rounds of lending, and such assistance shall be provided in the form of a below-market AHP-subsidized interest rate as specified in the approved AHP application.     (c) Each AHP-assisted rental project receiving AHP direct subsidy or a subsidized advance shall be subject to the requirements of Sec. Sec.  1291.15, 1291.50(a), and 1291.60, respectively.     (d) Where AHP direct subsidy is being used to buy down the interest rate of a loan or loans from a member or other party, the loan pool sponsor shall use the full amount of the AHP direct subsidy to buy down the interest rate on a permanent basis at the time of closing on such loan or loans.

Subpart D--Homeownership Set-Aside ***Programs***

Sec.  1291.40  Establishment of ***programs***.

    A Bank may establish, in its discretion, one or more Homeownership Set-Aside ***Programs*** pursuant to the requirements of this part. The Bank's analyses supporting establishment of such ***programs*** shall be included in its Targeted Community Lending ***Plan***, as provided in Sec.   1291.13(a).

Sec.  1291.41  Eligible applicants.

    A Bank shall accept applications for AHP direct subsidy under its Homeownership Set-Aside ***Programs*** only from institutions that are members of the Bank at the time the application is submitted to the Bank.

Sec.  1291.42   Eligibility requirements.

    A Bank's Homeownership Set-Aside ***Programs*** shall meet the eligibility requirements set forth in this section. A

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Bank may not adopt additional eligibility requirements for its Homeownership Set-Aside ***Programs*** except for eligible households pursuant to paragraph (b) of this section.     (a) Member allocation criteria. AHP direct subsidies shall be provided to members pursuant to allocation criteria established by the Bank in its AHP Implementation ***Plan***.     (b) Eligible households. Members shall provide AHP direct subsidies only to households that:     (1) Have incomes at or below 80 percent of the median income for the area at the time the household is accepted for enrollment by the member in the Bank's Homeownership Set-Aside ***Program***, with such time of enrollment by the member defined by the Bank in its AHP Implementation ***Plan***;     (2) Complete a homebuyer or homeowner counseling ***program*** provided by, or based on one provided by, an organization experienced in homebuyer or homeowner counseling, in the case of households that are first-time homebuyers; and     (3) Are first-time homebuyers or households receiving AHP subsidy for the purpose of owner-occupied rehabilitation, in the case of households receiving subsidy pursuant to the one-third set-aside funding allocation requirement in Sec.  1291.12(b), and meet such other eligibility criteria that may be established by the Bank in its AHP Implementation ***Plan***, such as a matching funds requirement, homebuyer or homeowner counseling requirement for households that are not first-time homebuyers, or criteria that give priority for the purchase or rehabilitation of housing in particular areas or as part of a disaster relief effort.     (c) Maximum grant amount. Members shall provide AHP direct subsidies to households as a grant, in an amount up to a maximum established by the Bank, not to exceed $22,000 per household, which limit shall automatically adjust upward on an annual basis in accordance with increases in FHFA's Housing Price Index (HPI). In the event of a decrease in the HPI, the subsidy limit shall remain at its then-current level until the HPI increases above the subsidy limit, at which point the subsidy limit shall adjust to that higher level. FHFA will notify the Banks annually of the maximum subsidy amount, based on the HPI. A Bank may establish a different maximum grant amount for each Homeownership Set-Aside ***Program*** it establishes. A Bank's maximum grant amount for each such ***program*** shall be included in its AHP Implementation ***Plan***, which limit shall apply to all households in the specific ***program*** for which it is established.     (d) Eligible uses of AHP direct subsidy. Households shall use the AHP direct subsidies to pay for down payment, closing cost, counseling, or rehabilitation assistance in connection with the household's purchase or rehabilitation of an owner-occupied unit, including a condominium or cooperative housing unit or manufactured housing, to be used as the household's primary residence.     (e) Financial or other concessions. The Bank may, in its discretion, require members and other lenders to provide financial or other concessions, as defined by the Bank in its AHP Implementation ***Plan***, to households in connection with providing the AHP direct subsidy or financing to the household.     (f) Financing costs. The rate of interest, points, fees, and any other charges for all loans made in conjunction with the AHP direct subsidy shall not exceed a reasonable market rate of interest, points, fees, and other charges for loans of similar maturity, terms, and risk.     (g) Counseling costs. The AHP direct subsidies may be used to pay for counseling costs only where:     (1) Such costs are incurred in connection with counseling of homebuyers who actually purchase an AHP-assisted unit; and     (2) The cost of the counseling has not been covered by another funding source, including the member.     (h) Cash back to household. A member may provide cash back to a household at closing on the mortgage loan in an amount not exceeding $250, as determined by the Bank in its AHP Implementation ***Plan***, and a member shall use any AHP direct subsidy exceeding such amount that is beyond what is needed at closing for closing costs and the approved mortgage amount as a credit to reduce the principal of the mortgage loan or as a credit toward the household's monthly payments on the mortgage loan.

Sec.  1291.43   Approval of AHP applications.

    A Bank shall approve applications for AHP direct subsidy in accordance with the Bank's criteria governing the allocation of funds.

Sec.  1291.44  Procedures for funding.

    (a) Disbursement of AHP direct subsidies to members--(1) A Bank may disburse AHP direct subsidies only to institutions that are members of the Bank at the time they request a draw-down of the subsidies.     (2) If an institution with an approved application for AHP direct subsidy loses its membership in a Bank, the Bank may disburse AHP direct subsidies to a member of such Bank to which the institution has transferred its obligations under the approved AHP application, or the Bank may disburse AHP direct subsidies through another Bank to a member of that Bank that has assumed the institution's obligations under the approved AHP application.     (b) Reservation of homeownership set-aside subsidies. A Bank shall establish and implement policies for reservation of homeownership set- aside subsidies for households enrolled in the Bank's Homeownership Set-Aside ***Program***. The policies shall provide that set-aside subsidies be reserved no more than two years in advance of the Bank's time limit in its AHP Implementation ***Plan*** for draw-down and use of the subsidies by the household and the reservation of subsidies be made from the set- aside allocation of the year in which the Bank makes the reservation.     (c) Progress towards use of AHP direct subsidy. A Bank shall establish and implement policies, including time limits, for determining whether progress is being made towards draw-down and use of the AHP direct subsidies by eligible households, and whether to cancel AHP application approvals for lack of such progress. If a Bank cancels any AHP application approvals due to lack of such progress, it shall make the AHP direct subsidies available for other applicants for AHP direct subsidies under the Homeownership Set-Aside ***Program*** or for other AHP-eligible projects.

Subpart E--Outcome Requirements for Statutory and Regulatory Priorities

Sec.  1291.48   Outcome requirements for statutory and regulatory priorities.

    (a) Statutory priorities--government properties; project sponsorship. Each year, each Bank shall award at least 55 percent of the total AHP funds allocated, in the aggregate, to the Bank's General Fund and any Bank Targeted Funds to projects that meet paragraph (a)(1) or paragraph (a)(2) of this section. If an awarded project meets both paragraphs, it may be counted towards meeting only one of the paragraphs.     (1) Use of donated or conveyed government-owned or other properties. The financing of housing that uses a significant proportion, as defined by the Bank in its AHP Implementation ***Plan***, of:     (i) Land or units donated or conveyed by the federal government or any agency or instrumentality thereof; or

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    (ii) Land or units donated or conveyed by any other party for an amount significantly below the fair market value of the property, as defined by the Bank in its AHP Implementation ***Plan***.     (2) Sponsorship by a not-for-profit organization or government entity. Project sponsorship by a not-for-profit organization, a state or political subdivision of a state, a state housing agency, a local housing authority, a Native American Tribe, an Alaskan Native Village, or the government entity for Native Hawaiian Home Lands.     (b) Statutory priority--purchase of homes by low- or moderate- income households. Each year, each Bank shall award at least 10 percent of its required annual AHP contribution to low- or moderate-income households, or to projects targeting such households, for the purchase by such households of homes under any or some combination of the Bank's General Fund, any Bank Targeted Funds, and any Bank Homeownership Set- Aside ***Programs***.     (c) Regulatory priority--very low-income targeting for rental units. Each year, each Bank shall ensure that at least 55 percent of all rental units in rental projects receiving AHP awards under the Bank's General Fund and any Bank Targeted Funds are reserved for very low-income households.     (d) Regulatory priorities--Underserved Communities and Populations; Creating Economic Opportunity; and Affordable Housing Preservation. Each year, each Bank shall ensure that at least 55 percent of the Bank's required annual AHP contribution is awarded under the Bank's General Fund and any Bank Targeted Funds to projects that, in the aggregate, meet at least two of the three regulatory priorities in this paragraph (d) (paragraphs (d)(1), (d)(2), and (d)(3)) by meeting one or more of the specified housing needs included under the regulatory priority, and awarding at least 10 percent of the funds to projects meeting each of such regulatory priorities. If an awarded project meets more than one of the regulatory priorities, it may be counted towards meeting only one of them. If an awarded project meets more than one specified housing need under a regulatory priority, it may be counted towards meeting only one of those housing needs. An award to a project may not be counted towards meeting a regulatory priority in this paragraph (d) unless the specified housing need that it meets is identified in the Bank's Targeted Community Lending ***Plan*** as an affordable housing need the Bank indicated it would address through its AHP scoring criteria.     (1) Regulatory priority--Underserved Communities and Populations. The financing of housing for underserved communities or populations, by addressing one or more of the following specific housing needs:     (i) Housing for homeless households. The financing of rental housing, excluding overnight shelters, reserving at least 50 percent of the units for homeless households, the creation of transitional housing for homeless households permitting a minimum of 6 months occupancy, or the creation of permanent owner-occupied housing reserving at least 50 percent of the units for homeless households, with the term ``homeless households'' as defined by the Bank in its AHP Implementation ***Plan***.     (ii) Housing for special needs populations. The financing of housing in which at least 50 percent of the units are reserved for, and provide supportive services or access to supportive services for, households with specific special needs, such as: The elderly; persons with disabilities; formerly incarcerated persons; persons recovering from physical abuse or alcohol or drug abuse; victims of domestic violence, dating violence, sexual assault or stalking; persons with HIV/AIDS; or unaccompanied youth; or the financing of housing that is visitable by persons with physical disabilities who are not occupants of such housing.     (iii) Housing for other targeted populations. The financing of housing, not necessarily with supportive services, in which at least 50 percent of the units are reserved for populations specifically in need of housing, such as ***agricultural*** workers, military veterans, Native Americans, multigenerational households, persons with disabilities, or households requiring large units.     (iv) Rural housing. The financing of housing located in rural areas (with the term ``rural area'' as defined in 12 CFR 1282.1).     (v) Rental housing for extremely low-income households. The financing of rental projects in which at least 20 percent of the units are reserved for extremely low-income households.     (vi) Other. The financing of other housing addressing specific housing needs of underserved communities or populations as FHFA may provide by guidance.     (2) Regulatory priority--Creating Economic Opportunity. The financing of housing that facilitates economic opportunity for the residents by addressing one or more of the following specific housing needs:     (i) Promotion of empowerment. The provision of housing in combination with a ***program*** offering services that assist residents in attaining life skills or moving toward better economic opportunities, such as: Employment; education; training; homebuyer, homeownership or tenant counseling; child care; adult daycare services; afterschool care; tutoring; health services; resident involvement in decision making affecting the creation of operation of the project; or workforce preparation and integration.     (ii) Residential economic diversity. The financing of either affordable housing in a high opportunity area, or mixed-income housing in an area of concentrated poverty (as those terms are defined in 12 CFR 1282.1 and FHFA's Duty to Serve Evaluation Guidance).     (iii) Other. The financing of other housing that facilitates economic opportunity as FHFA may provide by guidance.     (3) Regulatory priority--Affordable Housing Preservation. The financing of affordable rental housing preservation or homeownership preservation, by addressing one or more of the following specific housing needs:     (i) Affordable rental housing preservation. Providing financing that preserves affordable rental housing such as existing housing in need of rehabilitation as indicated by deteriorating physical condition, high vacancy rates, or poor financial performance, affordable rental housing with energy or water efficiency improvements (meeting the requirements of 12 CFR 1282.34(d)(2)), and affordable housing under the following ***programs***: Section 8 (42 U.S.C 1437f), Section 236 (12 U.S.C 1715z-1), Section 221(d)(4) (12 U.S.C 1715l), Section 202 (12 U.S.C 1701q), Section 811 (42 U.S.C 8013), McKinney- Vento Homeless Assistance (42 U.S.C 11361 et seq.), Section 515 (42 U.S.C 1485), Low-Income Housing Tax Credits (26 U.S.C 42), HUD Choice Neighborhoods Initiative (42 U.S.C 1437v); HUD Rental Assistance Demonstration ***program*** (42 U.S.C 1437f note), or other state or local affordable housing ***programs*** comparable to the foregoing housing ***programs***.     (ii) Affordable homeownership preservation. The financing of housing that preserves affordable homeownership, including owner- occupied rehabilitation, shared equity ***programs***, owner-occupied housing with energy or water efficiency improvements (meeting the requirements of 12 CFR 1282.34(d)(3)), or other housing finance strategies to preserve homeownership.     (iii) Other. The financing of other mechanisms for affordable rental

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housing preservation or affordable homeownership preservation as FHFA may provide by guidance.     (e) Annual report. Each Bank shall submit an annual report to FHFA, at a time and in a form designated by FHFA, demonstrating compliance with this section.

Sec.  1291.49   Determination of compliance with outcome requirements; notice of determination.

    (a) Determination of compliance. On an annual basis, the Director shall determine each Bank's compliance with the outcome requirements in Sec.  1291.48     (b) Noncompliance with outcome requirements. If the Director preliminarily determines that a Bank has failed to comply with Sec.   1291.48, the Director shall notify the Bank in writing of such preliminary determination. Any notification to a Bank of such preliminary determination shall provide the Bank with an opportunity to respond in writing in accordance with the following procedures:     (1) Notice. The Director shall provide written notice to the Bank of the preliminary determination, the reasons for such determination, and the information on which the Director based the determination.     (2) Response period--(i) In general. During the 30-day period beginning on the date on which notice is provided under paragraph (b)(1) of this section, the Bank may submit to the Director any written information that the Bank considers appropriate for consideration by the Director in finally determining whether such noncompliance has occurred or whether compliance with Sec.  1291.48 was feasible.     (ii) Extended period. The Director may extend the period under paragraph (b)(2)(i) of this section for good cause for not more than 30 additional days.     (iii) Shortened period. The Director may shorten the period under paragraph (b)(2)(i) of this section for good cause.     (iv) Failure to respond. The failure of a Bank to provide information during the response period shall waive any right of the Bank to comment on the proposed determination or action of the Director.     (3) Consideration of information and final determination--(i) Considerations. In making a final determination under paragraph (b)(3)(ii) of this section, the Director shall take into consideration any relevant information submitted by the Bank during the response period.     (ii) Notice of final determination. After the expiration of the response period or receipt of information provided during such period by the Bank, the Director shall provide written notice to the Bank within a reasonable period of time of the final determination of:     (A) Whether the Bank has failed to comply with Sec.  1291.48; and     (B) Whether, taking into consideration market and economic conditions and the financial condition of the Bank, compliance with Sec.  1291.48 was feasible.

Subpart F--Monitoring

Sec.  1291.50  Monitoring under General Fund and Targeted Funds.

    (a) Initial monitoring policies for owner-occupied and rental projects. A Bank shall adopt written policies pursuant to which the Bank shall monitor each AHP owner-occupied project and rental project approved under its General Fund and any Bank Targeted Funds prior to, and within a reasonable period of time after, project completion to verify, at a minimum, satisfaction of the requirements in this section.     (1) Satisfactory progress. The Bank shall determine that:     (i) The project is making satisfactory progress towards completion, in compliance with the commitments made in the approved AHP application, Bank policies, and the requirements of this part; and     (ii) Following completion of the project, satisfactory progress is being made towards occupancy of the project by eligible households.     (2) Project sponsor or owner certification, rent roll and other documentation; backup and other project documentation. Within a reasonable period of time after project completion, the Bank shall review a certification from the project sponsor or owner, the project rent roll, and any other documentation to verify that the project meets the following requirements, at a minimum:     (i) The AHP subsidies were used for eligible purposes according to the commitments made in the approved AHP application;     (ii) The household incomes and rents comply with the income targeting and rent commitments made in the approved AHP application;     (iii) The project's actual costs were reasonable in accordance with the Bank's project cost guidelines, and the AHP subsidies were necessary for the completion of the project as currently structured, as determined pursuant to Sec.  1291.24(a)(4);     (iv) Each rental project is subject to an AHP retention agreement that meets the requirements of Sec.  1291.15(a)(7); and     (v) The services and activities committed in the approved AHP application have been provided in connection with the project.     (3) Back-up and other project documentation. The Bank's written monitoring policies shall include requirements for:     (i) Bank review within a reasonable period of time after project completion of back-up project documentation regarding household incomes and rents (not including the rent roll) maintained by the project sponsor or owner, except for projects that received funds from other federal, state or local government entities whose ***programs*** meet the requirements in paragraphs (b)(1) and (2) of this section as specified in separate FHFA guidance, or projects that have also been allocated federal Low-Income Housing Tax Credits; and     (ii) Maintenance and Bank review of other project documentation in the Bank's discretion.     (4) Sampling ***plan***. The Bank shall not use a sampling ***plan*** to select the projects to be monitored under this paragraph (a), but may use a reasonable risk-based sampling ***plan*** to review the back-up project documentation.     (b) Long-term monitoring--reliance on other governmental monitoring for certain rental projects. For completed AHP rental projects that also received funds other than federal Low-Income Housing Tax Credits from federal, state, or local government entities, a Bank may, in its discretion, for purposes of long-term AHP monitoring under its General Fund and any Bank Targeted Funds, rely on the monitoring by such entities of the income targeting and rent requirements applicable under their ***programs***, provided that the Bank can show that:     (1) The compliance profiles regarding income targeting, rent, and retention period requirements of the AHP and the other ***programs*** are substantively equivalent;     (2) The entity has demonstrated and continues to demonstrate its ability to monitor the project;     (3) The entity agrees to provide reports to the Bank on the project's incomes and rents for the full 15-year AHP retention period; and     (4) The Bank reviews the reports from the monitoring entity to confirm that they comply with the Bank's monitoring policies.     (c) Long-term monitoring policies for rental projects. In cases where a Bank does not rely on monitoring by a federal, state, or local government entity pursuant to paragraph (b) of this section, pursuant to written policies established by the Bank, the Bank shall monitor completed AHP rental projects approved under its General Fund and

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any Bank Targeted Funds, commencing in the second year after project completion through the AHP 15-year retention period, to verify, at a minimum, satisfaction of the requirements in this section.     (1) Annual project sponsor or owner certifications; backup and other project documentation. A Bank's written monitoring policies shall include requirements for:     (i) Bank review of annual certifications by project sponsors or owners to the Bank that household incomes and rents are in compliance with the commitments made in the approved AHP application during the AHP 15-year retention period, along with information on the ongoing financial viability of the project, including whether the project is current on its property taxes and loan payments, its vacancy rate, and whether it is in compliance with its commitments to other funding sources;     (ii) Bank review of back-up project documentation regarding household incomes and rents, including the rent rolls, maintained by the project sponsor or owner, except for projects that also received funds from other federal, state or local government entities whose ***programs*** meet the requirements in paragraphs (b)(1) and (2) of this section as specified in separate FHFA guidance, or projects that have also been allocated federal Low-Income Housing Tax Credits (LIHTC), provided that the Bank shall review any notices received from project sponsors or owners pursuant to Sec.  1291.15(a)(5)(ii) that an AHP project is in noncompliance with LIHTC income-targeting or rent requirements during the AHP 15-year retention period; and     (iii) Maintenance and Bank review of other project documentation in the Banks' discretion.     (2) Risk factors and other monitoring--(i) Risk factors; other monitoring. A Bank's written monitoring policies shall take into account risk factors such as the amount of AHP subsidy in the project, type of project, size of project, location of project, sponsor experience, and any monitoring of the project provided by a federal, state, or local government entity.     (ii) Risk-based sampling ***plan***. A Bank may use a reasonable, risk- based sampling ***plan*** to select the rental projects to be monitored under this paragraph (c), and to review the back-up and any other project documentation. The risk-based sampling ***plan*** and its basis shall be in writing.     (d) Annual adjustment of targeting commitments. For purposes of determining compliance with the targeting commitments in an approved AHP application for both initial and long-term AHP monitoring purposes under a Bank's General Fund and any Bank Targeted Funds, such commitments shall be considered to adjust annually according to the current applicable median income data. A rental unit may continue to count toward meeting the targeting commitment of an approved AHP application as long as the rent charged to a household remains affordable, as defined in Sec.  1291.1, for the household occupying the unit.

Sec.  1291.51   Monitoring under Homeownership Set-Aside ***Programs***.

    (a) Adoption and implementation. Pursuant to written policies adopted by a Bank, the Bank shall monitor compliance with the requirements of its Homeownership Set-Aside ***Programs***, including monitoring to determine, at a minimum, whether:     (1) The AHP subsidy was provided to households meeting all applicable eligibility requirements in Sec.  1291.42(b) and the Bank's Homeownership Set-Aside ***Program*** policies; and     (2) All other applicable eligibility requirements in Sec.  1291.42 and the Bank's Homeownership Set-Aside ***Program*** policies are met.     (b) Member certifications; back-up and other documentation. The Bank's written monitoring policies shall include requirements for:     (1) Bank review of certifications by members to the Bank, prior to disbursement of the AHP subsidy, that the subsidy will be provided in compliance with all applicable eligibility requirements in Sec.   1291.42;     (2) Bank review of back-up documentation regarding household incomes maintained by the member; and     (3) Maintenance and Bank review of other documentation in the Bank's discretion.     (c) Sampling ***plan***. The Bank may use a reasonable sampling ***plan*** to select the households to be monitored, and to review the back-up and any other documentation received by the Bank, but not the member certifications required in paragraph (b) of this section. The sampling ***plan*** and its basis shall be in writing.

Subpart G--Remedial Actions for Noncompliance

Sec.  1291.60   Remedial actions for project noncompliance.

    (a) Scope. This section applies to noncompliance of an AHP-assisted project with the commitments made in its application for AHP subsidies and the requirements of this part, including any use of AHP subsidy by the project sponsor or project owner for purposes other than those committed to in the AHP application. This section does not apply to individual AHP-assisted households or to the sale or refinancing by such households of their homes.     (b) Elimination of project noncompliance--(1) Cure. In the event of project noncompliance, the project sponsor or owner must cure the noncompliance within a reasonable period of time. If the noncompliance is cured within a reasonable period of time, no AHP subsidy is required to be repaid to the Bank by the project sponsor or owner.     (2) Project modification. If the project sponsor or project owner cannot cure the noncompliance within a reasonable period of time, the Bank shall determine whether the circumstances of the noncompliance can be eliminated through a modification of the terms of the AHP application pursuant to Sec.  1291.27 If the circumstances of the noncompliance can be eliminated through a modification, the Bank shall approve the modification and no AHP subsidy is required to be repaid to the Bank by the project sponsor or owner.     (c) Reasonable collection efforts--(1) Demand for repayment. If the circumstances of a project's noncompliance cannot be eliminated through a cure or modification, the Bank, or the member if delegated the responsibility, shall make a demand on the project sponsor or owner for repayment of the full amount of the AHP subsidy not used in compliance with the commitments in the AHP application or the requirements of this part (plus interest, if appropriate). If the noncompliance is occupancy by households with incomes exceeding the income-targeting commitments in the AHP application, the amount of AHP subsidy due is calculated based on the number of units in noncompliance, the length of the noncompliance, and the portion of the AHP subsidy attributable to the noncompliant units.     (2) Settlement--(i) If the demand for repayment of the full amount due is unsuccessful, the member, in consultation with the Bank, shall make reasonable efforts to collect the subsidy from the project sponsor or project owner, which may include settlement for less than the full amount due, taking into account factors such as the financial capacity of the project sponsor or project owner, assets securing the AHP subsidy, other assets of the project sponsor or project owner, the degree of culpability of the project sponsor or

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project owner, and the extent of the Bank's or member's collection efforts.     (ii) The settlement with the project sponsor or owner must be supported by sufficient documentation showing that the sum agreed to be repaid under the settlement is reasonably justified, based on the facts and circumstances of the noncompliance, including any factors in paragraph (c)(2)(i) of this section that were considered in reaching the settlement.

Sec.  1291.61   Recovery of subsidy for member noncompliance.

    If a member uses AHP subsidy for purposes other than those committed to in the AHP application or the requirements of this part, the Bank shall recover from the member the amount of subsidy used for such impermissible purposes.

Sec.  1291.62   Bank reimbursement of AHP fund.

    (a) By the Bank. A Bank shall reimburse its AHP fund in the amount of any AHP subsidies (plus interest, if appropriate) not used in compliance with the commitments in an AHP application or the requirements of this part as a result of the actions or omissions of the Bank.     (b) By FHFA order. FHFA may order a Bank to reimburse its AHP fund in an appropriate amount upon determining that:     (1) The Bank has failed to reimburse its AHP fund as required under paragraph (a) of this section; or     (2) The Bank has failed to recover the full amount of AHP subsidy due from a project sponsor, project owner or member pursuant to the requirements of Sec. Sec.  1291.60 and 1291.61, and has not shown that such failure is reasonably justified, considering factors such as those in Sec.  1291.60(c)(2)(i).

Sec.  1291.63   Suspension and debarment.

    (a) At a Bank's initiative. A Bank may suspend or debar a member, project sponsor, or project owner from participation in the ***Program*** if such party shows a pattern of noncompliance, or engages in a single instance of flagrant noncompliance, with the terms of an approved application for AHP subsidy or the requirements of this part.     (b) At FHFA's initiative. FHFA may order a Bank to suspend or debar a member, project sponsor, or project owner from participation in the ***Program*** if such party shows a pattern of noncompliance, or engages in a single instance of flagrant noncompliance, with the terms of an approved application for AHP subsidy or the requirements of this part.

Sec.  1291.64  Use of repaid AHP subsidies for other AHP-eligible projects and households.

    Amounts of AHP subsidy, including any interest, repaid to a Bank pursuant to this part shall be made available by the Bank for other AHP-eligible projects or households.

Sec.  1291.65  Remedial actions for Bank noncompliance with outcome requirements.

    If the Director determines, pursuant to Sec.  1291.49, that a Bank has failed to comply with an outcome requirement in Sec.  1291.48 and that compliance was feasible, the Director may require the Bank to take actions to remedy the noncompliance, which may include, but are not limited to, the following actions:     (a) Housing ***plan***. The Director may require the Bank to submit a housing ***plan*** for approval by the Director.     (1) Nature of ***plan***. If the Director requires a housing ***plan***, the housing ***plan*** shall:     (i) Be feasible;     (ii) Be sufficiently specific to enable the Director to monitor compliance periodically;     (iii) Describe the specific actions that the Bank will take to comply with Sec.  1291.48 for the next calendar year; and     (iv) Address any additional matters relevant to the ***plan*** as required, in writing, by the Director.     (2) Deadline for submission. The Bank shall submit the housing ***plan*** to the Director within 45 days after issuance of a notice requiring the Bank to submit a housing ***plan*** under this section. The Director may extend the deadline for submission of a ***plan***, in writing and for a time certain, to the extent the Director determines an extension is necessary.     (3) Review of housing ***plan***. The Director shall review and approve or disapprove a housing ***plan*** under this section as follows:     (i) Approval. The Director shall review each submission by a Bank, including a housing ***plan*** submitted under this section and approve or disapprove the ***plan*** or other action within a reasonable time. The Director shall approve any ***plan*** that the Director determines is likely to succeed and conforms with the Bank Act, this part, and any other applicable provision of law.     (ii) Notice of approval and disapproval. The Director shall provide written notice to a Bank submitting a housing ***plan*** under this section of the approval or disapproval of the ***plan***, which shall include the reasons for any disapproval of the ***plan***, and of any extension of the period for approval or disapproval.     (iii) Resubmission. If the Director disapproves an initial housing ***plan*** submitted by a Bank under this section, the Bank shall submit an amended ***plan*** acceptable to the Director not later than 30 days after the Director's disapproval of the initial ***plan***. The Director may extend the deadline if the Director determines an extension is in the public interest. If the amended ***plan*** is not acceptable to the Director, the Director may afford the Bank 15 days to submit a new ***plan***.     (b) Reimbursement of AHP fund. FHFA may order the Bank to reimburse its AHP fund for the difference in the amount of AHP funds required to be awarded to meet the outcome requirement and the amount the Bank actually awarded.

Sec.  1291.66  Transfer of ***Program*** administration.

    Without limitation on other remedies, FHFA, upon determining that a Bank has engaged in mismanagement of its ***Program***, may designate another Bank to administer all or a portion of the first Bank's annual AHP contribution, for the benefit of the first Bank's members, under such terms and conditions as FHFA may prescribe.

Subpart H--Affordable Housing Reserve Fund

Sec.  1291.70   Affordable Housing Reserve Fund.

    (a) Deposits. If a Bank fails to use or commit the full amount it is required to contribute to the ***Program*** in any year pursuant to Sec.   1291.10(a), 90 percent of the unused or uncommitted amount shall be deposited by the Bank in an Affordable Housing Reserve Fund established and administered by FHFA. The remaining 10 percent of the unused and uncommitted amount retained by the Bank should be fully used or committed by the Bank during the following year, and any remaining portion shall be deposited in the Affordable Housing Reserve Fund.     (b) Use or commitment of AHP funds. Approval of applications for AHP funds from members sufficient to exhaust the amount a Bank is required to contribute pursuant to Sec.  1291.10(a) shall constitute use or commitment of funds. Amounts remaining unused or uncommitted at year-end are deemed to be used or committed if, in combination with AHP funds that have been returned to the Bank or de-committed from canceled projects, they are insufficient to fund:     (1) The next highest scoring AHP applications in the Bank's final funding period of the year for its General Fund first and then for any Targeted Funds established by the Bank;

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    (2) Pending applications for funds under the Bank's Homeownership Set-Aside ***Programs***, if any; and     (3) Project modifications for AHP subsidy increases approved by the Bank pursuant to the requirements of this part.     (c) Carryover of insufficient amounts. Such insufficient amounts as described in paragraph (b) of this section shall be carried over for use or commitment in the following year in the Bank's General Fund, and any Targeted Funds or Homeownership Set-Aside ***Programs*** established by the Bank.

    Dated: March 1, 2018. Melvin L. Watt, Director, Federal Housing Finance Agency. [FR Doc. 2018-04745 Filed 3-13-18; 8:45 am]  BILLING CODE 8070-01-P

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**Byline:** Azlan Othman

**Body**

Permanent Secretary at the Ministry of Primary Resources and Tourism Dr Haji Abdul Manaf bin Haji Metussin presented the certificates.

The course was to attract more youths into the farming sector and increase their involvement in contract farming to increase ***agricultural*** ***produce*** in the country to a level at which exporting to overseas markets is possible.

The ***programme*** is expected to achieve the ministry’s objectives of ***producing*** committed and progressive youth entrepreneurs, capable of achieving high productivity to contribute towards increasing Brunei’s Gross Domestic Product (GDP) in the ***agricultural*** sector in the near future.

The course was held over two sessions: the first from January 15 - 18, 2018 with a total of 13 participants, while the second session ran from January 29 to February 1, 2018 with 17 participants.

Of this, 19 participants who visited all farms (as prescribed in the course schedule) each received their ‘***Agriculture*** Entrepreneurs Exposure ***Programme*** for Youths through Contract Farming’ certificates.

Also present during the ceremony were Director of ***Agriculture*** and Agrifood Hajah Aidah binti Haji Mohd Hanifah, heads of departments under the Ministry of Primary Resources and Tourism, and senior officers from the Department of ***Agriculture*** and Agrifood.

The ***programme*** is one of the ministry’s initiatives made in support of the Department of ***Agriculture*** and Agrifood’s ***Strategic*** ***Plan*** for 2016 – 2020. It aims to heighten awareness on ***agricultural*** businesses and the ***agriculture*** sector as profitable ventures, as well as open up opportunities for youth to invest in contract farming in the sector, particularly in the field of plantation industries employing high-tech systems to enhance crop yields and ***produce*** good returns.

The ***programme*** was divided into briefing sessions and ***agricultural*** farm visits. During the briefing session, an explanation on investment opportunities in the crop industry field, financial simulations for ***agricultural*** enterprises using advanced technology and application procedures for ***agricultural*** sites were presented by the Department of ***Agriculture*** and Agrifood.

Briefings by the Ministry of Finance – which discussed the procedures for registration/establishment of companies and business names – and Syarikat Gropoint Sdn Bhd, a company which has a contract farming agreement to purchase crops ***produced*** by the ***programme***’s youth participants, were also given.

Ameenfarm Agrotech and Trading, RZ Prisma Enterprise, Econadi Agrobiz Company, DD Agrobiz, Kanglin Hydroponics Farming, Tunas Harapan Farm, and Madgrow Tech were among the ***agricultural*** farms the participants visited.

From the ***programme***, the youth entrepreneurs were able to grasp first-hand the overall potential of the ***agriculture*** value chain, from the information and results of the discussions obtained from their farm visits, all the way to carrying out ***agricultural*** services, making use of technology, as well as the logistics and challenges faced by local entrepreneurs and how to overcome them.

In the course’s contract farming component, the youth entrepreneurs were required to set aside a certain amount of capital and focus on sustainable production and quality yields in accordance to standards set by the purchasing company, which will not only buy their ***produce***, but also and market them.

Jefri Johari, one of the ***programme*** participants who comes from an IT education background, said that from the ***programme***, he learnt that IT plays a key role in high-tech farming and the two go hand in hand.

"We learnt a lot through the use of drones and farming technology and we need (farms in Brunei) to adapt to this. Farm location is also very important," he said.

**Source:** Borneo Bulletin (Brunei)

**Graphic**

Permanent Secretary at the Ministry of Primary Resources and Tourism, Dr Haji Abdul Manaf bin Haji Metussin attending the event

Permanent Secretary at the Ministry of Primary Resources and Tourism presenting a certificate recipient

Jefri Johari, ***programme*** participant

**Load-Date:** May 11, 2018

**End of Document**



[***Register of Commission documents:Annex to Commission Implementing Decision adopting an Action Programme for the Turkish Cypriot community for the year 2017, EUR 34 836 240 Document date: 2017-09-04 COM-AC\_DR(2017)D052808-01 Comitology - Right of scrut***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PV5-VR61-F0YC-N1JB-00000-00&context=1516831)

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**Length:** 12338 words

**Body**

Brussels: Public Register European Parliament has issued the following document:

EN

ANNEX

Legal basis:

Council Regulation (EC) No 389/2006 of 27 February 2006 establishing an instrument of financial support for encouraging the economic development of the Turkish Cypriot community and amending Council Regulation (EC) No 2667/2000 on the European Agency for Reconstruction.

Work ***Programme*** for 2017:

|  |  |
| --- | --- |
| Beneficiary | Turkish Cypriot community |
| CRIS/ABAC Commitment references Total cost Union contribution Budget line | TCC/2017/040-596, SCR.DEC XXXXXX.XX   EUR 34 836 240 EUR 34 836 240 13 07 01 |
| Management Modes/ Entrusted Entities | Direct management by the European Commission Indirect management by entrusted entities: United Nations Development ***Programme*** British Council |
| Final date for concluding procurement and grant contracts | 3 years following the date of validation of the budgetary commitment |
| Final date for contract implementation | 6 years following the date of validation of the budgetary commitment, with the following exception: 7 years following the date of validation of the budgetary commitment for works contracts under the Local Infrastructure Facility, where the works concerning infrastructures justify a longer implementation period |
| Final date for ***programme*** implementation(date by which this ***programme*** should be de-committed and closed) | 10 years following the date of validation of the budgetary commitment |
| ***Programming*** and Implementing Unit | SRSS.05 Cyprus Settlement Support |

* Introduction

This 2017 Annual Action ***Programme*** concerns the continuing implementation of the Aid ***Programme*** for the Turkish Cypriot community on the legal basis of Council Regulation (EC) No 389/2006, the 'Aid Regulation', which establishes an instrument of financial support for encouraging the economic development of the Turkish Cypriot community (TCc). Between 2006 and the end of 2016, EUR 450 000 000was ***programmed*** for operations under this Regulation.

On the basis of the objectives, as laid down in Article 2 of the 'Aid Regulation', this Action ***Programme*** contains the actions to be financed and the budget breakdown for the year 2017 as follows:

* for grants implemented under direct management (1.2): EUR 8000000

1. for procurement implemented under direct management (1.3): EUR 18836240
2. for actions implemented under indirect management modes (1.4): EUR 8000000

The overall objective of the Aid ***Programme*** is to facilitate the reunification of Cyprus by encouraging the economic development of the TCc, with particular emphasis on the economic integration of the island, improving contacts between the two communities and with the EU, and preparation for the lifting of the suspension of the acquis following a settlement of the Cyprus problem. The objectives, as laid down in Article 2, are:

* The development and restructuring of infrastructure, in particular in the areas of  energy and transport, the environment, telecommunications and water supply;

1. The promotion of social and economic development including restructuring, in particular concerning rural development, human resources development and regional development;
2. Reconciliation, confidence-building measures, and support to civil society;
3. Bringing the Turkish Cypriot community closer to the European Union through inter alia information on the EU political and legal order, promotion of people to people contacts and Community scholarships;
4. The preparation of legal texts aligned with the acquis communautaire for the purpose of these being immediately applicable upon the entry into force of a comprehensive settlement of the Cyprus problem; and
5. Preparations for the implementation of acquis communautaire in view of the withdrawal of its suspension in accordance with Article 1 of Protocol No 10 to the Act of Accession.

The political process under the auspices of the UN for the settlement of the Cyprus problem was effectively re-launched during the summer of 2015. The Commission has stepped up its efforts in support of this process and in preparation for a settlement – both through supporting the UN-led bi-communal settlement process and by supporting the Turkish Cypriot community through the Aid ***Programme***.

The Aid ***Programme*** is intended only to bean instrument of an exceptional and transitional nature and the Commission continues to hope for a breakthrough that will lead to a comprehensive settlement. In this event, assistance of a different form will be required. Council Regulation No 1311/2013, laying down the Multi-Annual Framework 2014-20, allows for its own revision[1] and Article 11 of Council Regulation (EC) No 389/2006[2] allows for any necessary adaptations in this context.

The Commission has been pursuing the six objectives of the Aid Regulation since 2006, but subject to a comprehensive settlement, reunification mayhave a more immediate and far-reaching impact on some sections of the Turkish Cypriot community than on others. The exact needs generated by settlement remain unknown as they depend on the division of competences between the presumed federal- and constituent-state levels in a future United Cyprus. It is therefore not possible, at this point in time, to fully anticipate such needs in the ***planning*** of the Aid ***Programme***. Some changes may be foreseen within the remit of the current ***programming*** – notably through a specifically dedicated Support and Settlement Facility– butit is likely that most needs would have to be addressed through future amendments or ***interventions*** in the event of a settlement.Yet, the activities under the Aid ***Programme*** remain relevant regardless of when a settlement ofthe Cyprus issue may be possible.

The ***programme*** choices for 2017 reflect arenewed approach towards the ***programming*** of financial assistance under the Aid ***Programme***, witha stronger settlement focus, political priority and screening based on ownership, as well as relevance and maturity of ***planned*** ***interventions***. The underlying aim is to bring about more tangible and visible impacts in the priority areas. Hence, the 2017 ***programme*** provides a streamlined and compact set of actions, with 10 major project components and aneeded degree of flexibility.

The 2017 ***programme*** takes into account input received from Turkish Cypriot stakeholders and from relevant evaluations and needs' assessments conducted prior to the ***programming*** exercise. The views of the authorities of the Republic of Cyprus were also taken into consideration. In addition, the ***programme*** choices take due account of political processes, including the works of the bi-communal Ad Hoc Committee on EU Preparation and the related acquis presentations and fact-finding mission reports carried out by Commission experts from several Directorates-General in support of the ongoing settlement process.

Aside from the EU-financed Aid ***Programme*** under Council Regulation 389/2006, support from other international donors such as USAID and the United Kingdom is being wound down.

Objective 1: development and restructuring of infrastructure

Development and restructuring of infrastructure has been the major component of the Aid ***Programme***, with more than a third of total resources allocated to this objective from 2006 to the end of 2016. Investments in the local infrastructure have been financed in the sectors of environment, water and wastewater, architectural restorations, recreational areas, and other social infrastructure, such as local communityfacilities.

The key priority of the 2017 ***programme*** is to continue supporting this type of infrastructure projects through a new instrument – LocalInfrastructure Facility–encompassing three major components:

* financing of dedicated technical assistance to help assess the needs and, based on the call for expression of interest addressed to local communities, to help develop a pipeline of shortlisted and ready-to-tender projects;

1. funding of actual infrastructure works; and
2. funding of works supervision.

The Facility will help identify, screen, mature, prepare for tender, and implement local infrastructure investments, targeting the funding on competitive basis to ensure best value for money and providing support also to those communities with a lower technical and administrative capacity. This will in turn result in a greater positive impact on the standard of living of local populations and increase the visibility of EU ***interventions*** in the priority areas.

The new mechanism will allow the Commission toestablish a platform of regular dialogue with the beneficiaries,whichwill translate into a more structured and ***strategic*** partnership, as well as an extended engagement with local communities and stakeholders. However, full ownership on the beneficiary side to facilitate and sustain the investment projects will remain keyto their success.

The Facility will become the main entry point for infrastructure investments to be funded under the Aid ***Programme***, providing for a transparent and efficient system for identification, selection, preparation, and implementation of infrastructure investments under the Aid ***Programme***. The 2017 ***programme*** will include technical assistance and a works component for a total value of over EUR 10 500 000. As there is no up-front allocation foreseen for individual projects at this stage, the 2017 ***programme*** includes an indicative list of likely ***interventions***.

In addition to the Local Infrastructure Facility, the 2017 ***programme*** will also cover the supply of air quality and wastewater monitoring equipment to detect and evaluate the damaging effects of heavy metalsandto monitor and inspect the wastewater treatment facilities, thus contributing to protecting the environment and inhabitants from the harmful influence of pollutants (EUR 700 000).

Objective 2: promotion of social and economic development

The promotion of social and economic developmenthas received nearly 30% of total Aid ***Programme*** resourcessince 2006. Further financial assistance is needed to support rural development and the education sectorin particular.

The northern part of Cyprus has competitive advantages for a number of farm and processed food products, but the full potential in this areacan only be achieved when the demanding EU hygiene and control requirements are met. In order to achieve this, improvements are needed in a range of areas from farm-, crop- and stock-management to hygiene and labelling by the food processors. Considerable work has been done already, or is ongoing, under the Aid ***Programme***, including for the development of the Rural Development Sector ***Programme***.

The highest priority measures in the above ***programme*** for the years 2014-2020, as developed by the TCc with the EU support, include measures to enhance knowledge transfer and to set up the Farm Advisory Services (FAS), as well as measures to facilitate farm and business development and to strengthen the dairy value chain. To this end, the 2017 ***programme*** will continue the technical assistance on FAS and include two grant schemes in support of rural development and the dairy sector (total EUR 6 200 000).

According to the ***strategic*** framework for European cooperation in education and training 2020, high quality education and trainingand the creation of lifelong learning opportunities are fundamental to Europe's success. Improving education and enhancing training opportunities arelikewise critical factors for the social and economic development of the TCc. The 2017 ***programme*** will continue to support the development and implementation of the TCcstrategies on vocational education, lifelong learning and employment, with a focus on improving future skills and competencies in the labour market through a tailor-made grant scheme for schools. The support will focus on funding actions with a potential to expand more broadly the results and the lessons learnt from the pilot school projects implemented to date (EUR 2 000 000).

Grant schemes will be structured so asto ensure better targeting, resulting in limited number of contracts, and to put more focus on achieving concrete results through larger and more substantiated actions.

Objective 3: reconciliation, confidence-building measures, and support to civil society

Support for confidence-building measures has been a successful and well-received element of the Aid ***Programme***. The Commission has shown particular readiness to continue promoting these measures, including through substantial resources under the previousprogrammes that includedinter alia the support forthe opening of new Green Line crossing points.

For the continuation of its activities, the bi-communal Technical Committee on Cultural Heritage (TCCH) will receive an amount of EUR 3000 000under the 2017 ***programme***. This significant contribution to island-wide restoration of monuments, mosques and churchesincludes a strong bi-communal and public awareness component. It raises the total budget dedicated to the TCCH since 2012 to nearly EUR 15000 000.

The above support has ***produced*** highly visible output and allowed for the restoration of buildings that are being readapted and used by the communities. The delivery method of this support, through indirect management by the UNDP, is well-tested and has proved efficient. The tasks entrusted to UNDP include procurement, payments, project management, monitoring and ensuring visibility.

The operations of the Committee of Missing Persons (CMP),whichhas received an amount of EUR 2600 000 under the 2016 ***programme***, are fully secured until the end of 2018. Therefore, there is no need for additional resources under the 2017 ***programme***. Any necessary funding will be earmarked under the 2018 ***programme***.The Commission will ensure that there are no funding gaps.

Given the need to further strengthen the capacity of the Civil Society Organisations (CSOs) in the northern part of Cyprus, the 2017 ***programme*** will further support civil society through a technical assistance project and a tailor-made grant scheme to tackle the trafficking in human beingsproblem, to thetune of EUR 2400 000.

Objective 4: Bringing the Turkish Cypriot community closer to the European Union

A successful vehicle in reaching the objective of bringing the TCc closer to the Union has been the EU scholarship ***programme***. Since 2007, eight annual grant schemes have delivered over 1,000 grants to Turkish Cypriot students for studying in EU places of learning. There is always a great interest in these scholarship grants and the demand significantly outstrips supply. The scholarship ***programme*** provides vital experience and a route to qualifications abroad, whilst contributing positively to the image of the EU among Turkish Cypriots.

The British Council has been managing the scholarship ***programme*** since the academic year 2014 and is set to continue itsoperation under the 2017 ***programme***,given the high quality in implementation over the years.The 2017 ***programme*** includes an allocation of EUR 5 000 000 to cover two academic years, 2019-2020 and 2020-2021, and award scholarships to around 300 Turkish Cypriot students, graduates and professionals. This edition will aim to better target the needs and gaps within the TCc.

The Info-point officecarries out a range of communication and visibility functions related to EU policies and actions in support of the TCc.Existing funding is sufficient until 2019.

Objectives 5/6: preparation of legal texts aligned with the acquis communautaire/ preparations for the implementation of acquis communautaire

The Aid Regulation specifically foresees assistance for preparing the implementation of the EU acquis and for preparing legal texts aligned with the EU acquis to be immediately applicable upon the entry into force of a comprehensive settlement of the Cyprus problem. In addition, the Commission is required to provide continued support for the implementation of Council Regulation 866/2004[3] (the Green Line Regulation) and Commission Regulation 1480/2004[4], thereby supporting the economic integration of the island.

The main instrument used by the Commission for preparing the implementation of the EU acquis is the Technical Assistance and Information Exchange instrument (TAIEX). This instrument enables experts to be sent from EU Member States to the TCc to explain the acquis, hold awareness seminars, prepare draft legal texts to be applicable after settlement, and provide technical assistance.

The resources allocated to TAIEX in the previous years are sufficient to cover the needs until the end of 2018. Therefore, there is no need for an additional allocation under the 2017 ***programme***.

Support and Settlement Facility

The 2017 ***programme*** includes also a Support and Settlement Facility (EUR 5000 000) from which resources can be mobilised to take advantage of new emerging opportunities and to facilitate new initiatives arising from the settlement process, which the EU undertakes to support. Support ***interventions*** may be necessary at short notice in any of the objectives covered by the Aid ***Programme*** and the availability of resources for this purpose is essential to support the settlement process.

In view of the ongoing process and the potential for political agreement, the Commission must be ready to deploy resources as opportunities arise. These initiatives cannot be clearly identified at this ***programming*** stage. Finally, the Support and Settlement Facility may finance supporting studies and highly relevant preparatory work for future but not-yet mature actions, in areassuch asveterinary, food safety and/or market surveillance.

* Grants

The objectives of the Aid Regulation, which are implemented through calls for proposals in the Action ***Programme*** 2017, are the following:

* The promotion of social and economic development including restructuring, in particular concerning rural development, human resources development and regional development (Objective 2 of the Aid Regulation); and

1. Reconciliation, confidence-building measures, and support to civil society (Objective 3 of the Aid Regulation).

* Support to ***agriculture*** and rural development (Objective 2 of the Aid Regulation)

Priorities of the year [1], objectives pursued [2] and expected results [3]

|  |
| --- |
| [1] Support to ***agriculture*** and rural development; [2] Strengthening the ***agriculture*** value chain, including the dairy component; [3](a) Support for the TCc dairy sector Action ***Plan***: the dairy value chain is strengthened through grant support to dairy ***producers*** (particularly sheep and goat breeders) with the objectives of: (i) investing in farm assets that can improve yields and quality of milk; (ii) assisting in the application of bio-security measures and good farming practices, including animal welfare; (iii) helping to meet the EU food safety and animal health standards; and (iv) meeting requirements for quality schemes, such as the PDO (Protected Designation of Origin) for Halloumi/Hellim;      (b)Support for the Rural Development ***Programme***: modernisation of ***agricultural*** holdings and agro-processing facilities through investment in physical assets linked to production, processing and marketing of ***agricultural*** ***produce*** and support for investment in creation and development of non-***agricultural*** activities. |

Description of the activities to be funded

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| --- |
| One of the continuous themes in the assistance to the TCc is the strengthening of the ***agriculture*** value chain. Against a background of wide-ranging needs, resources should be focused on priority areas, where the future acquis compliance is difficult to achieve or where the impact of improvements will be of greatest economic benefit. The 2017 Aid ***Programme*** will therefore provide grant funding as described below: (a)Support for the TCc dairy sector Action ***Plan*** Currently, trade acrossthe Green Line (from the northern part of Cyprus into the government-controlled areas) of products of animal origin is not allowed, except for honey and fresh fish. With a view to trading dairy products over the Green Line, the TCc has developed a dairy sector Action ***Plan*** covering the inter-related aspects of animal husbandry and health, milk collection and food safety, feed production, ***producer*** organisations, pricing and incentives/compensation/penaltiesto ***producers*** for the application of bio-security measures and good farming practices (for animal-health management; animal addition and movement;  management and sanitation of holdings; and personnel, visitors, vehicles and equipment).The preparation of this Action ***Plan*** has received support from the EU under the Aid ***Programme***. To complement existing support measures to the dairy sector, such as animal disease prevention and control and safe management of animal by-products, and to contribute to the implementation of the dairy sector action ***plan***, grants amounting to EUR 2500 000 will be provided to: (i) dairy operators, especially those breeding sheep and goats, to invest in farm assets that can improve milk yields and milk quality, to assist the dairy operators in the application of bio-security measures and good farming practices, including animal welfare, and to comply with EU requirements in terms of animal health, animal welfare, and food safety; and (ii) Halloumi/Hellim ***producers*** in order to support their efforts to enhance the cheese value chain and conformity to PDO rules, where applicable.  (b)Support for the Rural Development ***Programme*** Withhelp from TAIEX experts, the TCc has developed a Rural Development ***Programme*** for the period 2014-2020,in line with the Regulation for the European ***Agricultural*** Fund for Rural Development. Under this ***programme***, further grants amounting to EUR 2500 000 are ***planned*** for measures to increase the competiveness and efficiency of farms and food processors, including investment support to upgrade the physical assets of holdings and establishments, and investment for the creation and establishment of non-***agricultural*** activities. |

Essential eligibility, selection and award criteria

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| Eligibility criteria: Applicantsmustbe established in the northern part of Cyprus. Entities may be natural or legal persons. Selection criteria: Financial and operational capacity of the applicant (sufficient capable staff and sound financial records). Award criteria: Relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action. |

Implementation

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| The actions will be implemented directly by the Commission |

Indicative timetable and indicative amount of the call for proposals

|  |  |  |
| --- | --- | --- |
| Reference | Date | Amount |
| Dairy sector | Q2 2018 | EUR 2500000 |
| Rural Development ***Programme*** | Q22018 | EUR 2500000 |

Maximum possible rate of co-financing of the eligible costs

|  |
| --- |
| 85% |

* Support for innovation in education (Objective 2 of the Aid Regulation)

Priorities of the year [1], objectives pursued [2] and expected results [3]

|  |
| --- |
| [1] Support for innovation and change in education (school education and adult education/ life-long learning); [2] Contribute to the implementation of the three strategies(vocational education strategy, lifelong learning strategy, and employment strategy) in the TCc for enhancing education and employment opportunities and contributing to inclusive economic growth; and [3]Improve teaching and learning methodologies, increase the number and quality of life-long learning opportunities, and improve labour market flexibility. |

Description of the activities to be funded

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| Improving education and enhancing training opportunities is a fundamental factor for the social and economic development of the TCc. Since 2008, the Aid ***Programmes*** have directly supported schools and financed vocational training and lifelong learning ***programmes*** in order to contribute to inclusive economic growth in the TCc. In particular, technical assistance funded by the Aid ***Programmes*** (including technical assistance from the World Bank), is supporting the TCc in improving the qualifications framework as well as in developing and implementing a vocational education strategy, a lifelong learning strategy and an employment strategy. The 2017 ***programme*** will continue to support the implementation of the above-mentioned strategies. In particular, it will focus on improving the future skills and competencies in the labour market by promoting innovation in education (inter alia by changing learning methodologies and enhancing the use of IT tools), and improving employability by creating lifelong learning opportunities that will be guided by policy strategies as well as by the needs of the private sector. The support will focus on funding actions with a potential to expand the results from pilot school projects implemented through previous grant ***programmes*** to a broader level. It will thus aim at impacting general curricula development and aligning overall teaching and learning methodologies with best EU practices. The support will be provided through a call for proposals. |

Essential eligibility, selection and award criteria

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| Eligibility criteria: Applicantsmustbe established in the northern part of Cyprus. Entities may be natural or legal persons. Selection criteria: Financial and operational capacity of the applicant (sufficient capable staff and sound financial records). Award criteria: Relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action. |

Implementation

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| The actions will be implemented directly by the Commission |

Indicative timetable and indicative amount of the call for proposals

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| --- | --- | --- |
| Reference | Date | Amount |
| Innovation and change in education | Q2 2018 | EUR 2 000 000 |

Maximum possible rate of co-financing of the eligible costs

|  |
| --- |
| 90% |

* Support to civil society in preventing and addressing trafficking in human beings (THB) (Objective 3 of the Aid Regulation)

Priorities of the year [1], objectives pursued [2] and expected results [3]

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| --- |
| [1]Eradicatetrafficking in human beings in the northern part of Cyprus; [2]Prevent and address trafficking in human beings; increase knowledge of and effective and coordinated response to all forms of trafficking in human beings; [3]Reduce trafficking in human beings throughenhanced coordination and cooperation among key actors and policy coherence, enhanced cooperation between Civil Society Organisations (CSOs) from across Cyprus on anti-trafficking actions, greater public awareness on labour and sexual exploitation and other forms of trafficking, and measures implemented to prevent all forms of trafficking. |

Description of the activities to be funded

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| The EU Charter on Fundamental Rights (Article 5 (3)) expressively prohibits trafficking in human beings (THB). THB is a grave human rights violation and a serious form of organised crime rending high profits for traffickers. In the northern part of Cyprus, CSOs are leading the combat against trafficking in human beings and need to be further empowered todo so. Supporting the CSOs' actions against trafficking in human beings(THB) through grant funding and technical assistance to comply to EU policies (EU Strategy towards the eradication of trafficking in human beings) and to the relevant EU legal framework (Directive 2011/36/EU on preventing and combating trafficking in human beings and protecting its victims) is in line with objectives 3 and 5 of the Aid Regulation. Furthermore, the EU anti-trafficking framework considers civil society as equal partners in efforts to address this heinous crime. A TAIEX mission to define the crime of trafficking in human beingstook place in mid-2013 and a two-day workshop to present the EU policies on THB vis-à-vis the situation in the northern part of Cyprus took place late in 2016. Further action is foreseen on combatting THB in the 2017 ***programme***, through a new call for proposals. This will reinforce confidence between the two communities as well as strengthening the readiness to apply the relevant EU acquis upon the entry into force of a comprehensive settlement. In particular ? through this new grant scheme ? the following non-exhaustive list of actions may be funded: Actions aiming to establishing a multi-stakeholder platform of relevant stakeholders to work together to fight against THB; Actions supporting the development of legal texts in prevention of trafficking and related exploitation, protection of victims and prosecution of traffickers, including raising awareness and advocacyfor adopting legal texts on THB aligned with the EU acquis; Actions addressing demand that fosters all forms of exploitation, as a means of prevention, as per Article 18 of the Directive 2011/36/EU; Actions involving the organisation of public awareness campaigns to change the attitudes/perception on THB (risks factors, root causes, consequences, legal provisions); organisation of debates and public events to change the attitudes/perception on THB (competitions, round tables) in schools, high schools and higher education establishments; and actions addressing a reduction in the demand for sexual services, through raising awareness amongst the specific target groups (consumers); Provision of appropriate training to all the relevant actors in the identification of victims of trafficking; International exchanges of experience with relevant international organisations and CSOs as well as joint actions of CSOs in Cyprus in order to improve the technical capacity of local stakeholders with the aim of establishing the components of an anti-trafficking system in the northern part of Cyprus. |

Essential eligibility, selection and award criteria

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| --- |
| Eligibility criteria: Applicants shall be a Civil Society Organisation or a local community, as mentioned in Council Regulation (EC) No 389/2006, as defined by Article 43 of the Rules of Application of the EU Financial Regulation. Selection criteria: Financial and operational capacity of the applicant (sufficient and capable staff and/or volunteer and sound financial records). Award criteria: Relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action. |

Implementation

|  |
| --- |
| The actions will be implemented directly by the Commission |

Indicative timetable and indicative amount of the call for proposals

|  |  |  |
| --- | --- | --- |
| Reference | Date | Amount |
| Support to Civil Society | Q1 2018 | EUR 1000000 |

Maximum possible rate of co-financing of the eligible costs

|  |
| --- |
| 95% |

* Procurement

The objectives of the Aid Regulation, which are implemented through procurement procedures in the Action ***Programme*** 2017, are the following:

* The development and restructuring of infrastructure, in particular in the areas of  energy and transport, the environment, telecommunications and water supply(Objective 1 of the Aid Regulation);

1. The promotion of social and economic development including restructuring, in particular concerning rural development, human resources development and regional development (Objective 2 of the Aid Regulation); and
2. Reconciliation, confidence-building measures, and support to civil society (Objective 3 of the Aid Regulation).

In addition, under the Aid Regulation, assistance may also be used to cover in particular the costs for support and settlement-related activities. 1.3.1 Technical assistance to Local Infrastructure Facility (Objective 1 of the Aid Regulation)

Subject matter of the contract envisaged

|  |
| --- |
| Turkish Cypriot local communities are a valuable partner in the implementation of EU projects as they provide a front-line service to local populations. However, their capacity is very limited both financially and in terms of human resources capacities. They have restricted opportunities to improve the level of their basic infrastructures such as sewerage networks, sports and recreation facilities, cultural centres and/or parks and cycling paths. Furthermore, their own administrative capacities to satisfactorily prepare such infrastructure projects for successful implementation are fairly limited while the needsin this respect are growing. The overall objective of this contract will be to help the local communities prepare infrastructure investments, which can be further financed under the Local Infrastructure Facility. More specifically, the technical assistance provided bya team of experts/engineers is to focus on: (i) identifying and collecting project proposals for priority local infrastructure investments; (ii) screening and shortlisting of already submittedproject proposalsfor further preparation; and (iii) bringing the selected projects to maturity and preparing the tender dossiers. The project ideas will be collected through an expression of interest targeting all local communities in the TCc, following the dialogue with the communities and common identification of needs. The screening process will be conducted in an objective manner and based on the following criteria: ***strategic*** relevance, priority ***planning***, impact, maturity, sequencing, track record, investment sustainability, bi-communality aspect, joint action and search for synergy with other local communities, and EU additionality. The shortlisted projects will then be matured in terms of the needed feasibility studies, environmental impact assessments, sustainability analyses and/or property checks. Finally, they will be prepared for tender, with designs, technical specifications, bills of quantities, etc. The logic of this technical assistance contract embraces a step towards a fairer distribution of EU funds to beneficiaries and also support to those local communities with a lower competence to mature and implement projects. The overarching intention is therefore to create a levelplaying-field rather than only rewarding those stakeholders with good internal capacity to implement and manageinfrastructure. At the same time, the Commission will take account of the advancement of projects and efforts undertaken to this end by therespective local communities. This approach shouldultimately trigger positive competition and ensure that only the most relevant, well-prepared and impact-oriented projects are financed by the EU. As a result, a pipeline of ready-to-tender works projects will be available to support local communities in their efforts to provide better services to the local populations and to ensure good value for EU funding under the Aid ***Programme***. |

Type of contract andtype of procurement

|  |
| --- |
| Service contract |

Indicative amount per contract

|  |
| --- |
| EUR 2500000 (for a 3-year period) |

Indicative number of contracts envisaged

|  |
| --- |
| 1 service contract |

Indicative timeframe for launching the procurement procedure

|  |
| --- |
| Q1 2018 |

Implementation

|  |
| --- |
| The action will be implemented directly by the Commission |

  1.3.2 Local Infrastructure Facility (Objective 1 of the Aid Regulation)

Subject matter of the contract(s) envisaged

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| --- |
| Investments in the local infrastructure have been a cornerstone of the Aid ***Programme*** since the start of its implementation; they aim at developing and restructuring the infrastructure for the benefit of the local communities. Projects that have been financed thus far cover, amongst others, the sectors of environment, water and wastewater, architectural renovations, cultural centres, recreational areas, and other social infrastructure. The Local Infrastructure Facility is to become a framework mechanism,which will continue supporting such infrastructure projects, whilst bringing coherence and streamlining any infrastructure actions financed by the Aid ***Programme***. It will also ensure that only prioritised and fully merited projects will be implemented. As a rule, the projects will be developed and prepared by the dedicated technical assistance as in point 1.3.1 above. The Local Infrastructure Facility will therefore become the main entry point for infrastructure investments to be funded under the Aid ***Programme***, which will in turn bring more impact and increase the visibility of EU ***interventions*** in the priority areas. Furthermore, this mechanism will address the currently faced operational challenges that are further exacerbated by lack of capacity and resources on the beneficiary side, which leads to serious delays in the preparation of projects and bringing them to maturity.A better needs assessment and priority identification, as well as improved quality of preparatory work, will translate into smoother tender procedures and ultimately more successful project implementation. At the same time, this approach is resource- and cost-efficient. It allows for reducing the number of tenders, since several works can be tendered under a single procedure structured in lots. Overall, the Local Infrastructure Facility will finance prioritised and shortlisted infrastructure projects, based on objective assessment criteria and ready in the pipeline. However, by the time the dedicated technical assistance as described in point 1.3.1 above is in place and fully operational, the Local Infrastructure Facility may finance certain already identified and highly relevant projects submitted by the local communities under the framework of the 2017 ***programming*** exercise and beyond. This list of projects is only indicative and non-exhaustive; other mature infrastructure projects, which meet the relevant criteria, may also be considered exceptionally for financing. Accordingly, the following projects are indicatively proposed for financing under the 2017 ***programme***. Ultimate decisions on projects to be funded will be made in line with theprinciplesset out and within thededicated financial envelope.The ultimate investment amount and precise project scope will be established at the final stage of project preparation. (1) Pedieos River Rehabilitation Project The overall objective of this project is to develop the Pedieos River area in such a way as to offer a green recreational area across the buffer zone for the inhabitants of both communities of Nicosiaas well as fortourists. In this way, it will reconnect the people of Nicosia with the river,whilst delivering a wide range of engagement activities to the local communities. Project activities will includethe improvement of existing and the creation of new walking paths and bike paths, the formation of natural riverbed and natural retaining walls, and other recreation facilities. Importantly, the riverbed will be arranged in such a way as tocontain any flood risks. The main beneficiaries of this project will be the Turkish and Greek Cypriot communities of Nicosia. The people of both communities suffer from a lack of green areas where they can socialize; this project will provide opportunities for them to satisfy such needs. The project area will serve all age groups. The project estimate includes a feasibility study for the area and implementation on both sides of and within the buffer zone. (2) Walking and Cycle Paths around the Walled City of Nicosia The overall objective of this project is to provide the inhabitants of Nicosia with environmentally sustainable ways to travel to work, stroll around the historic walls,and relax in a peaceful milieu. The creation of the cycle route and walking path around the Walled City of Nicosia is an ongoing project, some parts of which have already been implemented. However, there is a clear lack of a continuous route to connect the city. The lack of open spaces in the Walled City deprives the inhabitants from living, socializing or travelling to work in a calm and relaxed environment. Inhabitants of the Walled City travel to other parts of the city for recreation or for cycling. Recent traffic figures indicate that the central area of the city faces traffic problems regarding the flow of traffic or lack of parking spaces. In fact, the general transportation policy of the Nicosia Master ***Plan*** and the Local ***Plan*** propose to contain vehicular traffic outside of the walls keeping the access to the historic centre free from traffic jams, protecting its existing character. The main beneficiaries of this project will be the inhabitants of Nicosia from both communities and tourists visiting the city. It is expected that young people in particular will benefit from the projectas they are the ones who use bicycles most. However, the elderly living in the vicinity will also profitfrom the project as it will provide them with walking paths. Accordingly, conditions will be created to allow people to perform most daily transportation and mobility needs with alternative forms of transportation, especially promoting the bicycle. The project estimate includes preparation and implementation works for 2,450 meters of cycle/walking route. (3) Reuse of treated wastewater for irrigation in Morphou/Güzelyurt The overall objective of this project is touse treated waste water for irrigation purposes,whichwill in turn protect underground water resources. Currently, approximately 950 m³ of treated water is flowing unproductivelyeach day. Extensive water extraction from the Morphou/Güzelyurt aquifer (for drinking water and irrigation purposes) is causing salination and decreasingthe quality of underground water. Due to the increasing salinity of the ground water, the quality of ***agricultural*** production is declining. Implementation of this project wouldnot only provide added value to the local communityand ***agricultural*** production, but it will also contribute to the protection of the aquifer. The main beneficiaries of this project will be the inhabitants of Morphou/Güzelyurt (population of around 20,000). This project will also enable the local community ofMorphou/Güzelyurt to harmonise its wastewater management with the EU requirements regulated under the Water Framework Directive 2000/60/EC and other complementing directives.A design and feasibility study forthis project was conducted in 2015. The project estimate includes the constructionof a 100,000 m³ capacity lagoon, approx. 3 km of main pipesand distribution points, and a pumping station. (4) Mandres/Hamitköy Reservoir Recreation Area The overall objective of this projectshould create a lacking sizable, environment-friendly recreation area within the boundaries of Nicosia, The Mandres/Hamitköy Reservoir Recreation Area aims at providing opportunities for the inhabitants of Nicosia to rest, play and spend time in a peaceful environment. The project will bring dynamism and livelihood to an area of Nicosia that has been for long neglected. It will provide people ofall age groups withan opportunity to participate in social activities, including organisation of bi-communal events. In parallel to the large social impact, the project should bring positive environmental gains to the currently unattended wetland, which is vulnerable to being polluted by construction debris and in danger of silting of the reservoir. Nicosia will gain an aqueous recreation area, which will provide a tranquil environment and anenriching habitat for the beautiful flora and fauna of the Mandres/Hamitköy region. Planting of trees and plants will contribute to the much needed creation of a green belt around Nicosia Master ***Plan*** area. The main beneficiaries of this environmentally sustainable park will be the Mandres/Hamitköy population and, more broadly, the inhabitants of the whole of Nicosia. The project estimate includes the creation of an environmentally sustainable park, safe walking trails, bicycle trails, and recreational areas. (5) Lapithos/Lapta Sports and Cultural Activities Centre The overall objective of this project is to create a needed sports and cultural facility, which will activate young people in the area and bring a positive social impulse to the life of the local Lapithos/Lapta community. The only such centre in the whole northern coast of Cyprus,which hosts a population of approx. 100,000 people,exists in Kyrenia (without a swimming pool and tennis courts).The local youth and the community in general are currently unable to enjoy indoor and outdoor sports activities in the town of Lapithos/Lapta. The establishment of an indoor facility will provide social stimulationfor6,000 young peopleenablingthem to perform a variety of sports (basketball, volleyball, badminton, tennis, and swimming) and cultural activities (exhibitions, courses for the public, dance classes, book clubs, etc.). The Lapithos/Lapta Sports and Cultural Activities Centre willbe used primarily by the local high school and children from 5 primary schools. The main beneficiaries of this projectwill be the population of Lapithos/Lapta and its 14 villages as well as the neighbouring town of Karavas/Alsancak (population of nearly 20,000). (6) Extension of theFamagusta wastewater treatment plant The overall objective of this project is to double the capacity of the existing wastewater treatment plant. The first phase of the wastewater treatment plant (WWTP) was constructed and handed over to the local community in Famagusta in 2013. The capacity of the first phase is 4,100 m3/day. The current load of 5,500 m3/day is already exceeding the design capacity. By constructing the second phase, the plant's capacity willreach 8,200 m3/day, in line with the 2006 Master ***Plan***. The extension of the wastewater treatment plant will also have a positive impact on the surrounding environment. At the moment, the treated effluent is discharged into the Famagusta freshwater lake (wetland). The main beneficiaries of this project will be the urban inhabitants of Famagusta (population of around 50,000). |

Type of contract andtype of procurement

|  |
| --- |
| Works contract(s) |

Overall indicative amount

|  |
| --- |
| EUR 8036240 |

Indicative number of contracts envisaged

|  |
| --- |
| 1 to 6 works contract(s) |

Indicative timeframe for launching the procurement procedure

|  |
| --- |
| Q4 2018 |

Implementation

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| --- |
| The action(s) will be implemented directly by the Commission |

  1.3.3 Supply of air quality and wastewater monitoring equipment (Objective 1 of the Aid Regulation)

Subject matter of the contract(s) envisaged

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| --- |
| The TCc has established a monitoring laboratory for assessment of the contents of air pollutants such as carbon oxide, sulphur dioxides, nitrogen oxides, ozone and benzene in order to implement the requirements of EU directives on ambient air quality and cleaner air for Europe,which sets out the limit values for pollutants. However, the laboratory lacks equipment for assessing of the content of certain pollutants (arsenic, cadmium, mercury and polycyclic aromatic hydrocarbons) as requested by EU Directives 2008/50/EC and 2004/107/EC. Therefore, those cannot be fully implemented to ensure the required level of the air protection. Likewise, the Urban Wastewater Directive 91/271/EEC requires proper monitoring and inspection of wastewater treatment facilities as well as minimum standards with regard to controls. More specialised equipment is, however, necessary to increase the ability to perform the needed checks on-site. Hence, the purpose of this contract is to continue toassist the TCcin reaching the relevant standards in environment protection, notably in the field of air quality and wastewater treatment. As a result, the TCc should be able to control more effectively and report on fine particle matters and smoke emitted from industrial coal, charcoal and fuel oil used as heating components in hotels, houses, schools, and power plants. The TCc should also be able to properly monitor and inspect the wastewater treatment facilities according to EU standards. The needed specialised devices will help detect and evaluate the damaging effects of heavy metals and improve the capacities of the dedicated laboratories. Ultimately, they will contribute to protecting the environment and inhabitants from the harmful influence of pollutants. This sector has already benefited from EU expertise in the framework of TAIEX assistance and the foreseen actions are fully compatible with the EU acquis. The supply tender is ***planned*** to be launched in 2 lots, covering the quality and wastewater monitoring equipment, respectively. |

Type of contract andtype of procurement

|  |
| --- |
| Supply contract |

Indicative amount per contract

|  |
| --- |
| EUR 700000 |

Indicative number of contracts envisaged

|  |
| --- |
| 1 or 2 contracts (1 contract for 2 lots or 2 contracts for 1 lot each) |

Indicative timeframe for launching the procurement procedure

|  |
| --- |
| Q1 2018 |

Implementation

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| --- |
| The action(s) will be implemented directly by the Commission |

  1.3.4 Technical assistance on local farm advisory services (Objective 2 of the Aid Regulation)

Subject matter of the contract envisaged

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| --- |
| The highest priority measures in the Rural Development ***Programme*** for the years 2014-2020 as developed by the TCc with EU support include measures to enhance knowledge transfer and to set up the Farm Advisory Services, as well as measures to facilitate farm and business development. The TCc has asked for support for implementing and monitoring this ***Programme***, including through technical assistance. A system of Farm Advisory Services (FAS) is being established throughsupport provided under the 2013 ***programme***; a technical assistance contract commenced in 2016 and its purpose is to prepare and implement a strategy for efficient local farm advisory services. Such services are fundamental for developing activities in the ***agricultural*** sector in the TCc, as well as for ensuring wider compliance withminimum ***agricultural*** and environmental standards and adopting good farming practices that preserve and protect the land and natural resources.  This redresses the lack of adequate services available to the sector.  Continued support is required for the implementation of the FAS Strategy. The main activities will focus on: i) assisting the relevant Turkish Cypriot stakeholders to maintain a ***strategic*** approach to farm advisory services; and ii)the implementation of the strategy with the aim of extending the provision of services to a broader range of recipients covering all sectors (crop, animal husbandry, etc.). Turkish Cypriot stakeholders in charge of extension services will be assisted to provide technical assistance to farmers on topics including Mediterranean ***agriculture***, theEU acquis in ***agriculture***, farm management innovation and related practices to increase the income and the competitiveness of farms,and appropriate technical know-how. The advisory services measure will serve as leverage to attract new farmers to apply for funding, promote new techniques and technologies, and improve the level of innovation across the sector. |

Type of contract andtype of procurement

|  |
| --- |
| Service contract |

Indicative amount per contract

|  |
| --- |
| EUR 1200000 (for a 2-year period) |

Indicative number of contracts envisaged

|  |
| --- |
| 1 service contract |

Indicative timeframe for launching the procurement procedure

|  |
| --- |
| Q1 2018 |

Implementation

|  |
| --- |
| The action will be implemented directly by the Commission |

  1.3.5 Technical assistance to support civil society(Objective 3 of the Aid Regulation)

Subject matter of the contract envisaged

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| --- |
| As part of the Aid ***Programme*** to encourage the economic development of the TCc, the EU provides financial assistance to strengthen the role of civil society in the TCc and to promote EU values and a conducive environment for further development of trust, dialogue, co-operation and a closer relationship between the Turkish Cypriot and Greek Cypriot communities. In addition, this support seeks to promote active citizenship and to integrate Turkish Cypriot civil society into the wider Union by facilitating links with EU-wide NGOs and NGO networks. By supporting Civil Society in the northern part of Cyprus, the Aid ***Programme*** assists in the development of a fairer society based on respect for human dignity and human rights, freedom, democracy, equality, and the rule of law. Since 2007, the Commission has launched 6 calls for proposals for civil society in the northern part of Cyprus, for a total amount of EUR 12 000 000. In parallel to the grant schemes, the Aid ***Programme*** funded two dedicated technical assistance projects for Turkish Cypriot CSOs: (i) the Civil Society Support Team (CSST) from 2008 to 2011; and (ii) the Civic Space from 2015 until early 2018 to help strengthen CSO capacities in various areas. Further technical assistance forthe civil society sector is foreseen in the 2017 ***programme*** to increase the capacity of CSOs and to strengthen their role and democratic engagement in the Turkish Cypriot community and within the EU. It also aims to increase collaboration and stimulate joint actions between Greek Cypriot and Turkish Cypriot NGOs and to foster cooperation, support and exchange of goodpractices between Turkish Cypriot and EU CSOs, as well as with EU-wide NGOs and NGO networks. The technical assistance to CSOs will be implemented through: Civil-society help-desk services; 'Active citizen mechanism', a facility for ad hoc support; Capacity development and training ***programme*** activities; Civil Society Forum; Communication strategy; Trust-building initiatives, partnership and networking events; Development and monitoring of a strategy on enabling environment for CS; Development of a favourable legislative framework for CSO operations; and Online database of CSO for cooperation and promotion of volunteerism; The subject matter of the envisaged contract will cover, inter alia, mentoring, study visits and internship exchange ***programmes*** between Turkish Cypriot CSOs and CSOs in other EU Member States. |

Type of contract andtype of procurement

|  |
| --- |
| Service contract |

Indicative amount per contract

|  |
| --- |
| EUR 1400000 (for a 2.5-year period) |

Indicative number of contracts envisaged

|  |
| --- |
| 1 service contract |

Indicative timeframe for launching the procurement procedure

|  |
| --- |
| Q1 2018 |

Implementation

|  |
| --- |
| The action will be implemented directly by the Commission |

  1.3.6 Support and Settlement Facility

Subject matter of the contracts envisaged

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| --- |
| Under the Aid Regulation: assistance may also be used to cover in particular the costs for supporting activities such as preliminary and comparative studies, training, activities linked to preparing, appraising, managing, implementing, monitoring, controlling and evaluation of assistance, activities linked to information and visibility purposes and costs for supporting staff, renting of premises and supply of equipment. In view of the on-going settlement process, the Support and Settlement Facility can play an important function by providing additional resources for upcoming unforeseeable needs and activities,whichmay facilitate the settlement process.  Various services of the Commission have been providing technical input to the bi-communal ad hoc Committee on EU preparation since 2015 (discussing future acquis compliance). More extensive technical assistance activities may be expected. The range of topics on which the two communities engage is very wide and will eventually encompass the whole of the acquis. Support actionsmay be necessary at short notice and the availability of resources for the purpose will be essential. Finally, the Support and Settlement Facility will provide resources for visibility actions, evaluations, monitoring and audits, as well as other supporting studies and highly relevant project preparatory actions, for instance in the area of veterinary, food safety and market surveillance. Furthermore, it will provide resources for logistic support to the EU ***Programme*** Support Office (EUPSO) in the northern part of Nicosia, which houses the Commission staff implementing the Aid ***Programme*** in the field. |

Type of contract andtype of procurement

|  |
| --- |
| Works/supply/service contracts |

Overall indicative amount

|  |
| --- |
| EUR 5000000 |

Indicative number of contracts envisaged

|  |
| --- |
| 10-20 works/supply/service contracts including Framework Contracts |

Indicative timeframe for launching the procurement procedure

|  |
| --- |
| Q1 to Q4 2018 |

Implementation

|  |
| --- |
| The actions will be implemented directly by the Commission |

* Actions implemented through indirect management

The objectives of the Aid Regulation, which are implemented through indirect management in the Action ***Programme*** 2017, are the following:

* Reconciliation, confidence-building measures, and support to civil society (Objective 3 of the Aid Regulation); and

1. Bringing the Turkish Cypriot community closer to the European Union through inter alia information on the EU political and legal order, promotion of people to people contacts and Community scholarships (Objective 4 of the Aid Regulation).

1.4.1 Support to the Technical Committee on Cultural Heritage (Objective 3 of the Aid Regulation)

Amount

|  |
| --- |
| EUR 3000000 (for a 2-year period) |

Implementing entity

|  |
| --- |
| UNDP (United Nations Development ***Programme***) according to Article 58(1)(c) of the Financial Regulation. The UNDP, as a UN agency, has a unique, trusted, neutral role, which isrecognised by the two sides and enables the smooth implementation of the ***planned*** activities. The Technical Committee on Cultural Heritage (TCCH), through which the confidence-building measures are steered, was set up by the two leaders under the auspices of the UN. The projectinvolves dealing with delicate sensitivities of both communities. The UNDP has considerable expertise on cultural heritage protection in Cyprus. Up to and including 2016, allocations have beenmade for 5 Contribution Agreements (CAs) with the UNDP for providing support to the preservation of cultural heritage. The UNDP has a good track record in the implementation of these CAs and has built up a high level of efficiency considering the particular circumstances. Contributions to the TCCH have yielded great results since 2012, with an impact on 72 initiatives island-wide, increasingheritage-site visitation and intra-island exchanges, and engaging more than 6,000 Greek Cypriots and Turkish Cypriots, thusimproving the perceptions of the general public vis-à-vis the other community.Events have been organized for each site ***intervention*** and the press coverage has been positive overall generating increased ***programme*** visibility. The Commission has signed a Financial and Administrative Framework Agreement (FAFA) with the UN for use of the (PAGODA) Delegation Agreement form of contract. |

Overall objective and purpose of the action

|  |
| --- |
| The overall objective of the project is to support the reconciliation process and to increase trust between the Greek Cypriot and Turkish Cypriot communities through the implementation of confidence-building measures agreed by the bi-communal TCCH. Confidence-building measures shouldbe further encouraged by the important participation of bi-communal teams during the implementation of the projects. The specific objective is to preservethe cultural heritage of Cyprus by supporting conservation and/or emergency measures for highly important cultural-heritage sites agreed by the TCCH. The bi-communal TCCH created a platform for work on the protection of the rich and varied cultural heritage island-wide. The Committee is composed of an equal number of Greek Cypriot and Turkish Cypriot experts. The work of the TCCH constitutes an important tool for building confidence between the Turkish Cypriots and the Greek Cypriots. The TCCH is dedicated to the identification and safeguarding of the rich immovable cultural heritage of all Cyprus and all of its communities; and it works towards providing a mutually acceptable mechanism for the implementation of practical measures for proper maintenance, preservation, physical protection and restoration of this immovable cultural heritage. A 2010 study, requested by the European Parliament, examined conditions and estimated restoration costs, and an inventory of approximately 2,800 sites was established. Around 250 sites were ranked and about 120 detailed technical assessments were made. EU contributions under the Aid Regulation started in 2011 and, as speed and achievements of the ***programme*** have increased, its value for reconciliation has become more apparent. Not only are historic sites salvaged and restored, but they have been brought back to life and the level of interest and bi-communal engagement has been high. The TCCH agreed in 2011on a list of 23 priority monuments (churches, mosques and others) to be renovated. The assistance ***programme*** started working according to this list, but the choice of projects depends on the condition of the monument at the relevant time and the priorities of the TCCH. The cultural heritage project also includes bi-communal activities and a strong public awareness component. The EU will continue to support the TCCH: the 2017programme includes an increased allocation for the TCCHconsidering the remarkable success in implementation of this project, its high appreciation by the local communities, and the significant reconciliation dimension. This allocation is to cover a nominal 2-year period of implementation.  The tasks entrusted to UNDP will all be implementation activities including: procurement, payments, project management, monitoring and ensuring visibility. Expected results: Completed conservation designs for at least 15 sites ready for future implementation; Completed conservation works for up to 10 sites (number of sites will depend on budget availability and type of project); Management ***plan*** actions carried out for Famagusta; 40 bi-communal youth trained for the masonry crafts; 10 community involvement and participation events implemented; and Increased awarenessamongst the general public and respect forthe heritage sites of all the communities in Cyprus. |

  1.4.2 Scholarship ***programme*** for bringing the Turkish Cypriot community closer to the Union (Objective 4 of the Aid Regulation)

Amount

|  |
| --- |
| EUR 5000000 (for a 2-year period) |

Implementing entity

|  |
| --- |
| British Councilaccording to Article 58(1)(c) of the Financial Regulation. The British Council has been present in the northern part of Cyprus since 1975 andhas been providing education and information services to Greek Cypriot and Turkish Cypriot communities since the 1930s. The Commission has already taken advantage of the British Council's broad expertise in the education sector within the Aid ***Programme***. The British Council indirectly managed the EU Scholarship ***programme*** for the TCc for the academic years 2014-2016. Under the 2015 ***programme***, the British Council has been further engaged through a Delegation Agreement to implement the Scholarship ***Programme*** for the following three academic years 2016-2017, 2017-2018 and 2018-2019. As an implementing entity, the British Council has an excellent and continuously improving implementation track record, with a strong and long-lasting local presence and a selection process based on transparent and objective criteria.The British Council has developed an extensive information and promotion campaign using digital media as well as radio, newspapers and face-to-face 'Study in Europe'days, ensuring that the Scholarship ***Programme*** can continue its role as a popular vehicle for bringing the Turkish Cypriots closer to the Union. The British Council is a pillar-assessed entity. The Commission has signed an Agreement with the British Council for use of the (PAGODA) Delegation Agreement form of contract. |

Overall objective and purpose of the action

|  |
| --- |
| With a consistently strong level of appreciation, one of the ever-present features of the Aid ***Programme*** is the scheme awarding scholarships for university study or professional ***programmes*** elsewhere in the EU. These scholarships both provide experience and a route to qualifications abroad and contribute to a positiveimage of the EU among Turkish Cypriots. Students and teachers from the TCc have no or only limited access to EU scholarship ***programmes***. The Scholarship ***Programme*** is addressed to individual beneficiaries and not to universities as such. The ***programme*** is conceived as a 'sending ***programme***', which means that studies of EU citizens at 'universities' in the northern part of Cyprus are not covered. Applicants must have proven that sufficient knowledge of the language in which the studies in another EU Member State are being offered. Applicants are free to apply for any course or placement that supports the overall aims of the Aid Regulation. The Scholarship ***Programme***, by its nature, involves small grants to a large number of beneficiaries. Since 2007, eight annual grant schemes have delivered over 1,000 grants for study in EU places of learning. There is always a considerable interest in these scholarship grants and the demand for places significantly outstrips supply (in the year 2016-17 there were 475 applications and 152 awards).The application process has been consistently refined since 2007. The grant categories covered are: (i) 1 academic year inan undergraduate ***programme*** of study; (ii)1 academic year of post-graduate study (Master?s, PhD, Post-doctoral); (iii) short-term ***programmes*** of 2 to 6 month's duration for study, academic research or professional courses; and (iv) training ***programmes*** of 2 to 6 month's duration, including language studies. Given its enormous success and the need to offer equal chances to Turkish Cypriot youth for personal development and education as well as exposure to European values and culture, the EU will continue to support the Scholarship ***Programme***. The 2017 ***programme*** includes an allocation to cover 2 academic years 2019-2021 and award scholarships to around 300 Turkish Cypriot students, graduates and professionals. Expected results: Level of technical/professional skills raised; Better targeted needs/gaps within TC administration and economy; Positive impact on job interview performance; Improved understanding byTCs of the EU; TC contacts established with other EU citizens; and Improved knowledge of EU languages by beneficiaries. |

1.5 Indicative budget table by Objective

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Aid Regulation Objective | Procurement | Call for Proposals / Direct Grant Award | Indirect Management with IOs/MS Body | Totals |  |
| EUR | EUR | EUR | EUR | % |  |
| Objective 1: Development and restructuring of infrastructure TA to Local Infrastructure Facility Local Infrastructure Facility Supply of air quality and wastewater monitoring equipment | 2500000   8036240 700000 |  |  | 11236240 | 32 |
| Objective 2: Promotion of social and economic development Support for RD ***programme*** and dairy sector action ***plan*** TA on local farm advisory services Support to education | 1200000 | 5000000 2000000 |  | 8200000 | 24 |
| Objective 3: Reconciliation and confidence building Support to cultural heritage Support to CSOs ? Trafficking in human beings TA for civil society support | 1400000 | 1000000 | 3000000 | 5400000 | 16 |
| Objective 4: Bringing Turkish Cypriots closer to the Union Scholarships |  |  | 5000000 | 5000000 | 14 |
| Support and Settlement Facility | 5000000 |  |  | 5000000 | 14 |
| TOTAL | 18836240 | 8000000 | 8000000 | 34836240 | 100 |

* Assumptions and accompanying actions

There are several specific issues that must be resolved and agreed by relevant Turkish Cypriot community stakeholders before the 2017 ***programme*** can be fully implemented:

Objective 1: Development and restructuring of infrastructure

* All potential property-related issues must be identified, including site-access issues, ***planning*** consents and methods of working;

1. It is assumed that relations with contractors in the northern part of Cyprus will be sufficiently smooth. Infrastructure investments remain a risk for the Commission, in terms of bothimplementation and sustainability. The Commission remains committed to infrastructure development as required by the Aid Regulation, but relies on the cooperation of beneficiaries for full commitment and absorption of funds;
2. It needs to be ensured that bi-communal infrastructure projects in Nicosia arefacilitated through necessary passages withaccess tocivilians in the Buffer Zone currently under the United Nations military control, in case of implementation of such projects; and
3. It is assumed that a new crossing pointfor pedestrians/cyclists will be considered for opening in the eastern part of Nicosia Walled City for the full benefit of the ***planned*** project, in case of its implementation.

Objective 2: Promotion of social and economic development

* The actions leading to the implementation of the TCc dairy-sector action ***plan*** will require committed and continuous involvement of the beneficiaries. The many necessary technical improvements will be incorporated into the dairy-sector action ***plan***;

1. The implementation of the Rural Development Programmerequiresfulfilment of responsibilities by all involved actors;
2. It is assumed that Green Line trade of dairy products will eventually be possible; and
3. It is assumed that grant applications of sufficient quality will be generated by ***agricultural*** operators and schools.

Objective 3: Reconciliation and confidence building measures

* It is assumed that the bi-communal Technical Committee on Cultural Heritage will continue to meet regularly and to provide clear guidance on preferred priorities agreed by the two communities;

1. The TCc willensure that monuments renovated in the northern part of Cyprus are subsequently maintained and accessible to the public and returned to use where possible; and
2. It is assumed that grant applications of sufficient quality will be generated by civil society organisations to tackle the trafficking in human beings problem.

Objective 4: Bringing Turkish Cypriots closer to the Union

* It is assumed that the high interest in studying and upgrading qualifications at EU Member States' academic institutions will be maintained amongst Turkish Cypriots and that applications of sufficient qualitywith required profiles will be submitted.

It is furthermore assumed that the settlement process will develop and that data necessary for monitoring purposes will be made available by the Turkish Cypriot community, allowing the Aid ***Programme*** to contribute to the ultimate goal of reunification of the island.

* Implementation modalities and general rules for procurement and grant award procedures

direct management:

Part of this ***programme*** shall be implemented throughdirect management by the Commission in accordance with article 58(1)(a) of the Financial Regulation and the corresponding provisions of its Rules of Application.

Procurement shall follow the provisions of Part Two, Title IV Chapter 3 of the Financial Regulation No 966/2012 and Part Two, Title II, Chapter 3 of its Rules of Application.

Grant award procedures shall follow the provisions of Part One Title VI and Part Two Title IV Chapter 4 of the Financial Regulation No 966/2012 and Part One Title VI and Part Two Title II Chapter 4 of its Rules of Application.

The International Federation of Consulting Engineers (FIDIC) conditions of contract shall be used for works contracts implemented through direct management.

The Commission may also use services and supplies under its Framework Contracts concluded following Part One of the Financial Regulation.

indirect management:

Part of this ***programme*** shall be implemented by indirect management with entrusted entities other than the beneficiary in accordance with Article 58(1)(c) of the Financial Regulation and the corresponding provisions of its Rules of Application.

The general rules for procurement and grant award procedures shall be defined in the relevant delegation agreements between the Commission and the entrusted entity implementing such action.

The change of management mode from indirect management to direct management, whether partially or entirely, is not considered a substantial change provided that all essential elements of the actions have been specified in the initial text of the financing decision.

Monitoring

The Commission may undertake any actions it deems necessary to monitor the ***programmes*** concerned.

Evaluation

***Programmes*** financed under Council Regulation 389/2006 shall be subject to ex ante evaluations, as well as interim and/or, ex post evaluations. The results of evaluations shall be taken into account in the ***programming*** and implementation cycle. The Commission may also carry out ***strategic*** evaluations.

* Special conditions

In the implementation of actions financed under this Financing Proposal, the rights of natural and legal persons, including the rights to possessions and property shall be respected in line with Art 7 of Council Regulation 389/2006.

Nothing in this financing proposal is intended to imply recognition of any public authority in the areas, other than the Government of the Republic of Cyprus.

As regards participation in the award of procurement or grant contracts, the term 'all natural and legal persons of Member States of the European Union in Article 9 paragraph 1 of Council Regulation 389/2006' includes all genuinely existing domestic legal persons residing or established in the areas. This will be specified in the calls for tenders and proposals.

[1]Council Regulation No 1311/2013 Art. 22: 'In the event of the reunification of Cyprus between 2014 and 2020, the MFF shall be revised to take account of the comprehensive settlement of the Cyprus problem and the additional financial needs resulting from the reunification.'

[2]Article 11: 'Event of a settlement.In the event of a comprehensive settlement of the Cyprus problem, the Council shall, on the basis of a proposal from the Commission, decide unanimously on the necessary adaptations to this Regulation.

[3]               Council Regulation (EC) No 866/2004 of 29 April 2004 on a regime under Article 2 of Protocol 10 to the Act of Accession

[4]               Commission Regulation (EC) No 1480/2004 of 10 August 2004 laying down specific rules concerning goods arriving from the areas not under the effective control of the Government of Cyprus in the areas in which the Government exercises effective control

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**End of Document**



[***Register of Commission documents:Annex 2 to Commission Implementing Decision amending Decisions adopting the Turkish Cypriot community programmes for the years 2014, 2015 and 2016 Document date: 2017-06-27 COM-AC\_DR(2017)D051891-01(ANN01) Comitology - Right of scrutiny***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P8C-YRC1-JDG9-Y49F-00000-00&context=1516831)

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**Body**

Brussels: Public Register European Parliament has issued the following document:

1 EN ANNEX II The annex to Commission Implementing Decision C(2015) 8757 of 11 December 2015 adopting an Action ***Programme*** for the Turkish Cypriot community for the year 2015, as amended by Commission Implementing Decision C(2016) 6688 of 21 October 2016 and by corrigendum of 5 April 2017 to Commission Implementing Decision C(2016) 6688 of 21 October 2016, is replaced in its entirety as follows: Legal basis: Council Regulation (EC) No 389/2006 of 27 February 2006 establishing an instrument of financial support for encouraging the economic development of the Turkish Cypriot community and amending Council Regulation (EC) No 2667/2000 on the European Agency for Reconstruction. Work ***Programme*** for 2015: Beneficiary Turkish Cypriot community CRIS/ABAC Commitment references Total cost EU Contribution Budget line TCC/2015/038-371/ SCR.DEC.038371.01 TCC/2015/038-646/ SCR.DEC.038646.01 EUR 32,337,900.00 EUR 32,337,900.00 22.03.01.00 C1 EUR 30,600,000.00 22.03.01.00 C5 EUR 1,737,900.00 Management Modes/ Entrusted Entities Direct management by the European Commission Indirect management by entrusted entities: European Bank for Reconstruction and Development British Council Final date for concluding procurement and grant contracts 3 years following the date of validation of the budgetary commitment.

Final date for contract implementation 6 years following the date of validation of the budgetary commitment, with the following exceptions: 7 years following the date of validation of the budgetary commitment for contracts for water/wastewater works and supervision, where the works concerning infrastructures justify a longer implementation period. Final date for ***programme*** implementation (date by which this ***programme*** should be decommitted and closed) 10 years following the date of validation of the budgetary commitment. ***Programming*** and implementing Unit SRSS.05 Cyprus Settlement Support Ref. Ares(2017)3134247 - 22/06/2017 2 1 THE ***PROGRAMME*** 1.1 PRIORITIES SELECTED UNDER THIS ***PROGRAMME*** AND DONOR COORDINATION This ***Programme*** is for the continuing implementation of the Assistance ***Programme*** for the Turkish Cypriot community following the legal basis of Council Regulation 389/2006, the 'Aid Regulation', which establishes an instrument of financial support for encouraging the economic development of the Turkish Cypriot community (TCc). Between 2006 and the end of 2014, EUR 370 million was ***programmed*** for operations under this Regulation. The Aid Regulation focuses on the economic integration of the island and on improving contacts both between the two communities and with the European Union in order to facilitate the reunification of Cyprus. The objectives, as laid down in Article 2, are: 1. The development and restructuring of infrastructure, in particular in the areas of energy and transport, the environment, telecommunications and water supply; 2. The promotion of social and economic development including restructuring, in particular concerning rural development, human resources development and regional development; 3. Reconciliation, confidence building measures, and support to civil society; 4. Bringing the Turkish Cypriot community closer to the Union through inter alia information on the EU political and legal order, promotion of people to people contacts and Community scholarships 5. The preparation of legal texts aligned with the acquis communautaire for the purpose of these being immediately applicable upon the entry into force of a comprehensive settlement of the Cyprus problem; 6. Preparations for the implementation of acquis communautaire in view of the withdrawal of its suspension in accordance with Article 1 of Protocol No 10 to the Act of Accession. The Commission monitors closely the settlement talks between the leaders of the two communities, which continue in 2015. The Aid ***Programme*** is intended only as a temporary instrument and the Commission continues to hope for a breakthrough that will lead to a comprehensive settlement. In this event, assistance in a different form will be required and Council Regulation No 1311/2131 laying down the Multi-Annual Framework 2014-20 allows for a revision to the ***programme***. The 2015 ***programme*** continues activities initiated under earlier ***programmes*** with sustainability and completion in some fields and fresh impetus in others. Despite the very wide scope and high ambitions of the Aid Regulation, a key consideration in the annual ***programming*** is to concentrate resources sufficiently to allow timely ***intervention*** and to ***produce*** impact. Up to 2014, the EU investments in infrastructure have been the major component under the Aid Regulation with combined allocations of around EUR 150 million (about 40% of the total), covering mainly water, wastewater treatment and solid waste management. 1 OJ L347, 2.12.2013, p.884 3 Additional resources are needed for the construction of the new trunk sewer in the northern part of Nicosia. Under the heading social and economic development a new initiative is taken to stimulate the economic sector by collaboration with the European Bank for Reconstruction and Development (EBRD) by providing technical assistance to support a credit facility for SMEs. Moreover, with the view to help improve skills and key competences and enhance labour mobility, the 2015 ***programme*** will also fund grants to schools and lifelong learning organisations. One of the products with significant trade potential is the hellim/halloumi cheese of Cyprus for which an application for Protected Designation of Origin (PDO), by the Republic of Cyprus, covering the whole territory of Cyprus, is under consideration. Clearing the hurdles to meeting the EU food safety requirements is a prime goal of the TCc. The 2015 ***programme*** will also contribute to the eradication of animal disease through safe disposal of animal carcasses and animal by-products. The reconciliation and confidence building actions are a centrepiece of the assistance given under the Aid Regulation and are highly visible and significant vehicles for intercommunal collaboration. Moreover, in particular the sixth grant scheme under the heading Cypriot Civil Society in Action will further increase civic engagement and foster cooperation between the two communities. The Commission attaches great importance to the work of the Committee on Missing Persons (CMP), which establishes the fate of those persons declared missing by both communities as a consequence of the tragic events of 1963-64 and 1974. A bi-communal scientific teams works on exhumation of remains, identification and return to the families for burial as well as undertaking awareness sessions on the CMP in high schools in both communities. In its report of 10 November SWD(2015)216, the Commission noted that the process of granting the Committee on Missing Persons full access to all relevant archives and military areas needs to be expedited. Significant progress has recently been made in obtaining access to areas under military control. Mindful of the extreme importance of the work of the CMP, the Commission shall ensure that Aid ***Programme*** assistance is provided in 2015 at least at the same level as in 2014, in line with the CMP financial ***planning***. It is not, however, necessary to allocate resources from the 2015 ***programme*** to continue this work, since transfers within an earlier financing decision will be sufficient to support the CMP at the same level as in 2014. Likewise, sufficient resources have been also ensured under the 2014 ***programme*** for the Technical Committee on Cultural Heritage to continue its work on stabilisation and restoration of historical sites according to the priorities agreed by the bi-communal committee. The 'outsourcing' of the scholarship grant scheme through indirect management will continue and the 2015 ***programme*** provides resources for the 2016-19 academic years for TCc students and professionals to study in other parts of the EU. Achieving significant economic development, as targeted by the Aid Regulation, is difficult under the current local business, political and operating environment, although important contributions can be made to reconciliation, communicating EU values, social and environmental improvements and to modernising farming and other business practices. Economic convergence of the two communities is hard to achieve without the breakthrough that a comprehensive settlement would bring. 4 The GDP per capita for the Turkish Cypriot community remains approximately half that of the government controlled areas and the long-term benefits of reunification are potentially enormous for the TCc and for Cyprus as a whole. The ***programme*** choices for 2015 take stock of input received from Turkish Cypriot stakeholders and from relevant evaluations and needs assessments conducted prior to the ***programming*** exercise. The views of the authorities of the Republic of Cyprus were also taken into consideration. Apart from the EU assistance ***programme***, there is little donor ***intervention*** in the northern part of Cyprus. USAID has funded ***interventions*** in the economic sector and civil society. USAID funding for civil society is implemented via UNDP, which already carries out some of the EU-funded activities. USAID is, however, stopping its assistance to the northern part of Cyprus and moving to a regional approach. The British High Commission had a limited ***programme***, recently on training of lawyers, and the British Council assists with language training and information on study possibilities. The EEA (Norway, Iceland, Liechtenstein) supported Cypriot civil society activities including inter-communal projects. 1.2 DESCRIPTION AND IMPLEMENTATION OF THE ACTIONS (1) Description of the Action, objectives and expected results Objective 1: Development and restructuring of infrastructure Water sector The highest priority ***intervention*** identified in the 2012 sector assessment was a new trunk sewer from Kioneli/Gönyeli, northwest of Nicosia to the new wastewater treatment plant (WWPT) at Mia Milia/Haspolat to the northeast of Nicosia. The old asbestos main sewer, currently in use, and serving both communities is in critical condition, at the limit of its capacity and responsible for foul odours, affecting both parts of Nicosia. Installation of a new trunk sewer will facilitate the connection of more urban areas to the Mia Milia/Haspolat WWTP in line with the Urban Waste Water Treatment Directive. Construction of the new main sewer was identified in the Nicosia Master ***Plan***. Additional financing is needed for the construction of this new trunk sewer due to further cost increases detected at the time of tender preparation and arising from changes on the sewer main alignment to mitigate property ownership issues. In order to take these further costs into account and group the overall estimated commitment under one annual allocation (originally ***planned*** under the 2014 ***programme***), the total increased financing of this project, including the supervision services, shall be covered exclusively under the 2015 ***programme***. Expected result for Objective 1 is:  Trunk sewer constructed and operating. 5 Objective 2: Promotion of social and economic development Strengthening the dairy value chain One of the continuous themes in the assistance to the TCc is the need to improve the ***agriculture*** quality chain with the goal of increased trade potential and hence of economic development. The northern part of Cyprus has competitive advantages for trade of a number of farm and processed food products, but this can only be realised to its full potential when the demanding EU hygiene and control requirements are met. In order to achieve this, improvements are needed from farm, crop and stock management to hygiene and labelling by the food processors. Considerable work has been already done, or is ongoing, under the aid ***programme*** on animal and crop husbandry, veterinary health, animal by-product disposal, farm improvements and in the area of identification of market potential. Assistance was also given for the development of the Rural Development Sector ***Programme***. Member State experts have been engaged through TAIEX for inspections of ***produce*** to be traded across the Green Line. A most important product for the TCc is hellim/halloumi cheese, for which a PDO classification, tabled by the Republic of Cyprus and covering the whole territory of Cyprus, is under consideration by the Commission. This would restrict the production for the EU market of cheese bearing this label to the island of Cyprus. Development of the EU market for hellim/halloumi ***produced*** in the northern part of Cyprus is a realistic goal for the TCc, but requires implementation of a TCc Action ***Plan*** already drafted and would entail a revision of the Green Line Regulation. Technical assistance will be provided to advise and facilitate the necessary actions including working with farmers and dairies on efficiency, hygiene, economics and marketing. Contribution to eradication of animal disease (disposal of animal by-products) As early as 2012, the Turkish Cypriot community requested high priority attention for the eradication of animal diseases. Apart from significant commercial implications for farms, many of which are struggling financially, a number of these diseases are zoonoses (infectious diseases that can be transmitted between species from animals to humans) and are a public health concern. Risk of contagion across the Green Line makes this an island-wide issue. A disease eradication ***programme*** started with pilot epidemiological work in 2012. As part of this action, a system for the safe disposal of animal carcasses and animal by-products must be implemented to safeguard public and animal health and protect the environment. Management of animal by-products (ABPs) is strictly regulated in the EU and collection, storage and disposal methods are defined according to the level of risk they pose. The overall objective of the contracts envisaged will be to contribute to the development and the establishment of a properly-governed ABP management system in the northern part of Cyprus. One contract is envisaged to cover the construction of facilities to collect, store, transport and dispose, through incineration, high risk (Category 1) ABP materials. The facilities will consist of seven decentralized collection and storage points, one call centre, and one central collection, transport and incineration centre. Additional equipment required for continuous gas emission monitoring of the incineration centre will also be covered by the contract. 6 Data needed for the technical specifications to complete the installation of a disposal system have been made available and this has significantly facilitated the preparation of the tender. The ABP project, as initially ***planned*** under the 2013 decision and further under the 2016 decision, shall be fully supported with an increased amount under the 2015 ***programme***. Support to SMEs and the private sector With economic development a central theme of the Aid Regulation, support to the private sector is an essential element of the aid ***programme*** to the TCc. When TCc enterprises will be exposed to regional competition, gaps in productivity across the value chain will most likely pose a threat to the survival of many of them. Assistance has been given both in the form of technical support to enhance local capacities and later embrace EC standards, and also as grant support e.g for enhancing the REEE and ICT uptake by SMEs. Limited access to credit is still consistently cited by businesses as a constraint. The European Bank for Reconstruction and Development (EBRD), which started operations in Cyprus in 2014, has a mandate for economic development and takes an approach that combines access to finance with the provision of business advice. EBRD proposes to include the northern part of Cyprus in its operations and, against this background, EBRD and the Commission intend to collaborate in an scheme providing a EUR 25 million credit line for Turkish Cypriot SMEs supported by a technical cooperation ***programme***. The credit (fully funded by EBRD) will be made available through selected Partner Financial Intermediaries (PFIs) financial intermediaries. The Commission will provide funds for technical assistance to the PFIs and for advice to SMEs and develop skills in application for funding. The SME support project will be implemented through indirect management according to Article 58(1)(c) of the Financial Regulation. Innovation and change in education According to the ***strategic*** framework for European cooperation Education and Training 2020 high quality pre-primary, primary, secondary, higher and vocational education and training, and creating lifelong learning opportunities are fundamental to Europe's success. The Aid Regulation requires human resource development under the banner of social and economic development and the aid ***programme*** has delivered assistance directly to schools and also in the field of vocational training and lifelong learning. The 2015 ***programme*** includes an allocation for grants to schools and lifelong learning organisations. Expected results for Objective 2 are:  Dairy sector action ***plan*** implemented;  Hellim/halloumi meeting EU food safety standards can be ***produced*** in the northern part of Cyprus (medium-term goal);  Safe disposal of animal by-products (ABP), collection, storage, transport and disposal system in place.  Enhanced SME competitiveness through business development skills and better access to credit;  Skills and key competences improved, enhanced labour mobility achieved and retraining options available through grants to schools and lifelong learning organisations; 7 Objective 3: Reconciliation and confidence building measures Support for Civil Society The Treaty on the European Union (Article 2) states that the Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. These values are common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail. An empowered civil society can play an important role in ensuring these principles are upheld in practice. It is also in itself a crucial component of any democracy. By articulating citizens' concerns, civil society organizations (CSOs) are active in the public arena and engage in initiatives which foster pluralism and further participatory democracy. The extent of social and political engagement in the northern part of Cyprus remains limited and the effectiveness of advocacy is also low. In particular, the CSOs themselves have few resources and the impact of CSO activities lacks sustainability. The Commission has consistently tried to maintain contact with individual citizens and civil society groups in the northern part of Cyprus in order to consolidate and enhance the platforms that exist and also to stimulate the adoption of EU values of dignity and democracy. It is particularly important to maintain this link at a time when the two communities have re-engaged in settlement talks and the civil society needs to be heard. To this end, the 2015 ***programme*** includes resources for the sixth grant scheme under the heading Cypriot Civil Society in Action to strengthen CSOs, increase civic engagement and foster cooperation between the two communities. This will be supported by a previously financed technical assistance project that will start in 2015, providing thematic training and assisting CSOs in developing links, establishing platforms and management capacity. Expected result for Objective 3 is:  CSOs regularly network within and outside the northern part of Cyprus and build coalitions. Objective 4: Bringing the Turkish Cypriot community closer to the Union Scholarships With a consistently strong level of appreciation, one of the ever-present features of the aid ***programme*** is the scheme awarding scholarships for university study or professional ***programmes*** elsewhere in the EU. These scholarships both provide experience and a route to qualifications abroad and contribute to the image of the EU among Turkish Cypriots. Students and teachers from the TCc have no or only limited access to EU scholarship ***programmes***. Since 2007, eight annual grant schemes have delivered around 800 grants for study in EU places of learning. There is always considerable demand for these scholarship grants and the application process has been consistently refined since 2007. Advantage has been taken of the expertise of the British Council, which has been present in the northern part of Cyprus since 1975 and indirectly managed the EU scholarships ***programme*** for the TCc for 2014 and 2015. Under the 2015 ***programme***, the British Council will be engaged through a Delegation Agreement to implement the scholarship ***programme*** for the next three academic years, 2016-19. 8 Expected results for Objective 4 are:  Level of technical/professional skills raised;  Positive impact on job interview performance;  Improved understanding of TCs of the EU;  TC contacts established with other EU citizens  Improved knowledge of EU languages by beneficiaries. The scholarship project will be implemented through indirect management according to Article 58(1)(c) of the Financial Regulation. Objectives 5/6: Preparation for the implementation of the acquis The Aid Regulation specifically foresees assistance to prepare for the implementation of the EU acquis and for the preparation of legal texts aligned with the EU acquis to be immediately applicable upon the entry into force of a comprehensive settlement of the Cyprus problem. In addition, the Commission is required to provide continued support for the implementation of Council Regulation 866/20042 (the Green Line Regulation) and Commission Regulation 1480/20043, thereby supporting the economic integration of the island. As the new phase of settlement talks advances, acquis preparation and the economic integration of the two communities will become more pressing and it will be necessary to address a wide range of acquis areas. Sufficient provision must therefore be made to ensure that the assistance ***programme*** facilitates the settlement in this respect and that solutions in the technical topics related to acquis preparation are found. This requires flexibility to adjust the extent, quantity; format and content of EU funded assistance for acquis preparation. The 2015 ***programme*** includes a EUR 2.6 million allocation for TAIEX. This new allocation is to replace EUR 2.6 million TAIEX resources from the 2012 ***programme*** that were not disbursed and were transferred to other ***programme*** elements. This transfer was necessary, because the TAIEX service contract is managed by the Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR) and changes in commitment structure were necessary at the time of restructuring the Commission in 2014. There is no nett effect on the Aid ***Programme*** and the TAIEX activity remains well resourced. Expected results for Objectives 5/6 are:  Acquis-compliant texts prepared for application of the acquis immediately after entry into force of a settlement;  Capacity developed for acquis implementation immediately after entry into force of a settlement; 2 Council Regulation (EC) N°886/2004 of 29 April 2004 on a regime under Article 2 of Protocol 10 to the Act of Accession. 3 Commission Regulation N°1480/2004 of 10 August 2004 laying down specific rules concerning goods arriving from the areas not under the effective control of the Government of Cyprus in the areas in which the Government exercises effective control. 9  Support continued for implementation of Council Regulation 866/2000 and Commission Regulation 1480/2004. Support Facility Under the Aid Regulation: assistance may also be used to cover in particular the costs for supporting activities such as preliminary and comparative studies, training, activities linked to preparing, appraising, managing, implementing, monitoring, controlling and evaluation of assistance, activities linked to information and visibility purposes as well as costs for supporting staff, renting of premises and supply of equipment. The Support Facility will provide resources for visibility actions, evaluations, audits and monitoring, supporting studies and other technical input. The major component of this will be renewal of the service contract for provisions of office premises and other logistics for the EU ***Programme*** Support Office (EUPSO) in the northern part of Nicosia. EUPSO houses the Commission staff implementing the aid ***programme*** in the field. The Support Facility may also provide resources for particular activities to facilitate the settlement process, which the EU undertakes to support. These ***interventions*** may be necessary at short notice and availability of resources will be essential. These actions may take the form of, for example, symposia, community information or other technical input. In view of the ongoing settlement process and the potential for breakthrough at the political level, the Commission must stand ready to deploy resources as opportunities arise and are supported by both communities. At the ***programming*** stage, these cannot be clearly identified, but are likely to include new confidence building measures. It may become necessary to commit resources from the 2015 Support Facility, for example for preparative studies for new crossing points on the Green Line. (2) Assumptions and accompanying actions There are several specific issues that must be resolved and agreed by relevant Turkish Cypriot community stakeholders before the 2015 ***programme*** can be fully implemented: Objective 1: Development and restructuring of infrastructure  It is assumed that relations with contractors in the northern part of Cyprus will be sufficiently smooth. Infrastructure investments remain a risk for the Commission, both in terms of implementation and sustainability. The Commission remains committed to infrastructure development as required by the Aid Regulation, but relies on the cooperation of beneficiaries for full commitment and absorption of funds;  All potential property-related issues must be identified, including site access issues, ***planning*** consents and methods of working. Objective 2: Promotion of social and economic development  The actions leading to the implementation of the TCc dairy sector action ***plan*** will require committed and continuous involvement of the beneficiaries. The many technical improvements necessary cannot be listed here, but will be incorporated into the Action ***Plan*** as this is further elaborated; 10  It is assumed that a revision of the Green Line trade regulation will eventually be possible;  It is assumed that sufficient capacity within local business consulting bodies will be developed for the EBRD credit scheme to be fully effective;  It is assumed that grant applications of sufficient quality will be generated by schools and lifelong learning organisations. Objective 3: Reconciliation and confidence building measures  It is assumed that grant applications of sufficient quality will be generated by civil society organisations. Objective 4: Bringing the Turkish Cypriot community closer to the Union  The scholarship scheme is aimed directly at individual students, but collaboration with TCc places of learning for publicity of the grant scheme and for support is required. The qualifying conditions for the scheme will be described in the guidelines issued with the calls. It is assumed that the demand from students demonstrated in previous years will be maintained. Objective 5/6: Preparation for the implementation of the acquis  Efficiently functioning working groups ***programming*** TAIEX assistance;  Re-establishment and efficient functioning of Project Steering Groups as the guiding and review mechanism for the TAIEX support. (3) Essential elements of the action (for direct management) Procurement: - the global budgetary envelope reserved for procurement: Global amount EUR 20,192,825 - the indicative number and type of contracts: 2 works, 5 service and 2 specific contracts under global Framework contract - indicative time frame for launching the procurement procedure (Q=quarter): Services (including under framework contracts): 3Q17 (1 contract), 2Q17 (1 contract), 2Q18 (1 service), 4Q16 (2 service), 4Q17 (2 services). Works: 2Q17, 3Q17. (4) Entities entrusted with budget implementation tasks Objective 2 components: Support to SMEs The EBRD has a reputation and track record as a leader in developing small businesses and laying foundations for sustainable growth. The model for EBRD ***intervention*** with credit facilities is developed and proven; results from over 14,000 clients in 35 countries show significant improvements in turnover and productivity. EBRD has contributed significantly to the development of business consultancy as a profession. Since 1993, EBRD has been supported in its activities by more than 20 bilateral and institutional donors, primarily the EU. 11 The Commission has signed a Financial and Administrative Framework Agreement (FAFA) with the EBRD for use of the (PAGODA) Delegation Agreement form of contract. Objective 4 components: Scholarships The British Council has a good track record in the education field and in scholarship schemes, including other schemes for Turkish Cypriot and Greek Cypriot students, Chevening and Commonwealth scholarships and fellowships, Leonardo Da Vinci, Erasmus, Youth in Action and Jean Monet schemes. British Council has successfully implemented the EU scholarship ***programme*** for 2013-14 with 115 grant awards made and continues the ***programme*** for 2014-15. The British Council has been positively assessed by the Commission for the implementation of budget tasks including management of grants. (5) Short description of the budget implementation tasks entrusted to the entity It is ***planned*** to sign two Delegation Agreements: EBRD: Support to SMEs (indicative amount EUR 1.65 million 1Q16); British Council: Scholarships (indicative amount EUR 7.5 million 4Q15). The tasks specifically delegated to the British Council will be all implementation activities including: preparation of the grant call documents, launch, interviews, selection of candidates, contracting, payments, monitoring of candidates' progress, visibility actions and contacts with host bodies. The tasks specifically delegated to EBRD will be all implementation activities including: procurements, payments, project management, monitoring and visibility actions. Decisions necessary on strategy or policy lines will be taken by the Commission, including decisions on grant eligibility criteria. The above organisations are well established in their respective fields and are long-standing, financially secure implementation partners of the Commission. Under the Aid ***Programme***, the Commission has already committed, under indirect management, EUR 4 million to the British Council. (6) Essential elements of the action (for direct management) Grant – Calls for proposals: - Objectives and foreseen results: Under Objective 2 Innovation and change in education: Skills and key competences improved, enhanced labour mobility achieved and retraining options available. 12 Under Objective 3 Support to civil society: CSOs' governance transparent and accountable; CSOs regularly network within and outside the northern part of Cyprus and build coalitions. - The essential eligibility criteria: Applicants shall be established in the northern part of Cyprus; Entities may be natural or legal persons. - The essential selection criteria: Financial and operational capacity of the applicant (sufficient knowledge and capability). - The essential award criteria: Relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action. - Maximum rate of co-financing: The maximum possible rate of EU co-financing: 90 % of the eligible cost of the action for grants under Objective 2 95 % of the eligible cost of the action for grants under Objective 3 Indicative amount of each call (Objectives 2 and 3): EUR 1,500,000 - Indicative date for launching of the calls for proposals: 3Q16, 2Q17 13 2 INDICATIVE BUDGET TABLE Objective Procurement Call for Proposals / Direct Grant Award Indirect Management with IOs/MS Body Totals EUR EUR EUR EUR % O

bjective 1: Infrastructure Water sector 11,426,757 11,426,757 35 Objective 2: Social and economic development Dairy sector Disposal of animal by-products Support to SMEs Innovation/change in education 1,500,000 2,400,000 1,500,000 1,650,000 7,050,000 22 Objective 3: Reconciliation and confidence building Support to civil society 1,500,000 1,500,000 5 Objective 4: Bringing TCs closer to the Union Scholarships 7,495,075 7,495,075 23 Objectives 5/6: Preparation for the acquis 2,600,000 2,600,000 8 Support facility 2,266,068 2,266,068 7 TOTAL 20,192,825 3,000,000 9,145,075 32,337,900 100 14 3 IMPLEMENTATION MODALITIES AND GENERAL RULES FOR PROCUREMENT AND GRANT AWARD PROCEDURES DIRECT MANAGEMENT: Part of this ***programme*** shall be implemented by direct management by the Commission / by the Union Delegations in accordance with article 58(1)(a) of the Financial Regulation and the corresponding provisions of its Rules of Application. Procurement shall follow the provisions of Part Two, Title IV Chapter 3 of the Financial Regulation No 966/2012 and Part Two, Title II, Chapter 3 of its Rules of Application. Grant award procedures shall follow the provisions of Part One Title VI and Part Two Title IV Chapter 4 of the Financial Regulation No 966/2012 and Part One Title VI and Part Two Title II Chapter 4 of its Rules of Application. The International Federation of Consulting Engineers (FIDIC) conditions of contract shall be used for works contracts implemented through direct management. The Commission may also use services and supplies, including costs for supporting staff, renting of premises and supply of equipment, under its Framework Contracts concluded following Part One of the Financial Regulation. INDIRECT MANAGEMENT: Part of this ***programme*** shall be implemented by indirect management with entrusted entities other than the beneficiary in accordance with Article 58(1)(c) of the Financial Regulation and the corresponding provisions of its Rules of Application. The general rules for procurement and grant award procedures shall be defined in the relevant delegation agreements between the Commission and the entrusted entity implementing such action. The change of management mode from indirect management to direct management, whether partially or entirely is not considered a substantial change provided that all essential elements of the actions have been specified in the initial text of the financing decision. MONITORING The Commission may undertake any actions it deems necessary to monitor the ***programmes*** concerned. EVALUATION ***Programmes*** financed under Council Regulation 389/2006 shall be subject to ex ante evaluations, as well as interim and/or, ex post evaluations. The results of evaluations shall be taken into account in the ***programming*** and implementation cycle. The Commission may also carry out ***strategic*** evaluations. 15 4 SPECIAL CONDITIONS In the implementation of actions financed under this Financing Proposal, the rights of natural and legal persons, including the rights to possessions and property shall be respected in line with Art 7 of Council Regulation 389/2006. Nothing in this financing proposal is intended to imply recognition of any public authority in the areas, other than the Government of the Republic of Cyprus. As regards participation in the award of procurement or grant contracts, the term “all natural and legal persons of Member States of the European Union in Article 9 paragraph 1 of Council Regulation 389/2006” includes all genuinely existing domestic legal persons residing or established in the areas. This will be specified in the calls for tenders and proposals.

**Load-Date:** August 17, 2017

**End of Document**



[***Brunei Ministry of Culture, Youth and Sports programmes look to build youth leadership***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S2R-VMJ1-F17J-S53H-00000-00&context=1516831)

Asia News Network

March 19, 2018 Monday

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**Length:** 515 words

**Byline:** Danial Norjidi

**Body**

This focus was mentioned by Minister of Culture, Youth and Sports YB Major General (Rtd) Dato Paduka Seri Awang Haji Aminuddin Ihsan bin Pehin Orang Kaya Saiful Mulok Dato Seri Paduka Haji Abidin during the Legislative Council meeting yesterday.

The first field under the MCYS 4K strategies and ***programmes*** is Kebeliaan (Youth). Under this, the ministry has five focuses, the first of which is youth involvement in national development.

“The first focus for the 2018/2019 financial year is to engage youth in national development towards the Brunei Vision 2035,” the minister said, adding that “Youths should play a role in ***planning*** and catalysing national development holistically.”

The second focus is building youth leadership through two approaches. The first approach is through youth exposure to best leadership practices either from within the country or abroad.

The second approach is active involvement of youth.

“The ministry will ensure that youths are paired with mentors to become leaders in youth associations, volunteer ***programmes*** such as mukim and village consultative councils.”

“Towards this, the Youth Congress and Youth Dialogue ***programme*** will be revived to provide a platform for youth to be involved in the ***planning*** and formation of national development,” the minister added.

The third focus is to cultivate the spirit of volunteerism.

“So far, the spirit of volunteerism among Brunei youth, Alhamdulillah, is high. We are proud that more than 6,000 volunteers registered with the MCYS in 2016.”

The minister said that to further enhance volunteerism and the number of youths in volunteer work, the MCYS encourages the establishment of a volunteer body at the national level, to mobilise and coordinate volunteer activities in a collective way.

The fourth focus is youth contribution to the national economy, on which the minister shared that, as a future investment, the MCYS through the Youth Development Centre and Youth Centre will put effort into the growth and diversification of the country’s economy.

“Our main strategy is to increase knowledge and skills in the field of economy and entrepreneurship, especially to those who are less qualified,” he said. “We will enhance the role of the Youth Development Centre in promoting and providing opportunities and skills training in line with market needs.

“Our goal is for youths to be economically self-sufficient, independent and contributors to economic diversification,” he said. Towards this, the Youth Development Centre will aim at increasing the number of ***strategic*** partners from the private sector in order to open up more opportunities for youths in starting their own businesses, including ***agriculture*** and fishery.

The fifth focus is studying effectiveness. “MCYS will continue to review policies towards the effectiveness of ***programmes*** and activities that are carried out by assessing their resilience and relevancy, especially among youths. This includes objectively evaluating the effectiveness and efficacy of National Service ***Programme*** (PKBN) in ***producing*** outstanding Bruneian youths.”

**Source:** Borneo Bulletin (Brunei)

**Load-Date:** May 11, 2018

**End of Document**



[***-First Session of the 63rd General Assembly of the Nova Scotia Legislature Speech from the Throne***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PJ4-0S91-JD3Y-Y3GJ-00000-00&context=1516831)

ENP Newswire

September 22, 2017 Friday

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**Length:** 4834 words

**Body**

The following is the Speech from the Throne read today, Sept. 21, 2017, by Lt. Gov. Arthur J. LeBlanc at the opening of the first session of the 63rd General Assembly of Nova Scotia.

Before I begin I would like to honour those who have passed since our last Speech from the Throne. Those who contributed to the strength and prosperity of our great province.

We remember remarkable Nova Scotians like Dr. Cora Greenaway, a founding member of the Heritage Trust of Nova Scotia, Rudy Haase, conservationist and humanitarian, and Donald Reid, who was instrumental in Joggins becoming a UNESCO World Heritage site. All three of these individuals are also Order of Nova Scotia recipients.

We also recognize the contributions of Nova Scotians including Ethel Garnier, who served for 50 years as Executive Housekeeper at Government House, and Wayne Smith, CFL star and two-time Grey Cup winner, and Phil Pacey, a champion for heritage in our province. We lost community leaders like Joan Eisner, former Director of Volunteer Services with South Shore Health, and Wade Smith, beloved educator and coach.

John Nichols, retired Provincial Court Judge, and Dianne Tompkins Brushett, former Member of Parliament for Cumberland-Colchester, and Joe Feeney, former Mayor of Mahone Bay, proudly served Nova Scotians in their respective public institutions.

Just last week, our country said goodbye to the Honourable Allan J. MacEachen, a former Member of Parliament, cabinet minister, and deputy prime minister. His accomplishments as a parliamentarian leave behind a legacy felt by all Canadians.

Finally, we pay our respects to three former members of this House of Assembly - the Hounourable Paul MacEwan, the Honourable Ralph Fiske, and John Archie MacKenzie. Our sincere condolences to their friends, families, neighbours, and to all those carrying on their memory.

Open to the World

I am honoured to deliver this address, and I thank former lieutenant governor J. J. Grant for his years of service. I am humbled to hold the same office as him - he served our province in a way that makes us proud.

A titre de premier lieutenant-gouverneur de la province d'origine acadienne, je suis fier d'avoir cette occasion d'etre au service de ma province et de representer ma communaute.

As our province's first lieutenant governor of Acadian descent, I am proud to have this opportunity to serve my province and represent my community.

Congratulations to all those elected, who sit in this chamber, as they earned the confidence of their constituents. And we are here today not focused on celebrating victory, but focused on what needs to be done to make our province stronger.

We owe all those who voted our thanks for their support and for their continued participation in our democracy. To those who worked and volunteered to ensure we could hold free and fair elections, we thank you for your service and commitment.

Government has made much progress, but we know there is more work to do. It is clear that challenges exist.

This spring, Nova Scotians voiced concerns about challenges in healthcare. We know that more mental health supports are needed, access to primary care must improve, and wait times are too long. Government heard these concerns, and will respond.

This is the second term for Premier McNeil and his government, but the world and our province is different now than it was in October 2013.

In four years, Nova Scotia moved from a deficit to a surplus. Our finances are stronger.

Our seafood exports are soaring.

Our wine sector is growing and is internationally recognized.

Our tourism sector is booming.

And our population is on the rise.

Without a spirit of openness, these achievements would not be possible. Our province accomplished these feats because citizens stood up and pursued an optimistic ***plan***, government stood with them, and we are stronger now because we worked together.

Government's ***plan*** focused - and will continue to focus - on opening our province and communities, welcoming newcomers, and breaking down trade barriers wherever possible.

Now is not the time to give into fears arising from global uncertainty. Now is the time to press on.

Our government is leading by example. Just recently, Syrian-refugee-turned-entrepreneur Tareq Hadhad was appointed to the board of Invest Nova Scotia. He's helped grow Nova Scotia's Peace by Chocolate in Antigonish, received mentions from the Prime Minister at the United Nations, and ***plans*** to keep growing his family's business. He now gets to help as Nova Scotia continues to become more open and welcoming. His experience is invaluable.

Through will and determination, he and his family pulled together to create a business - they created something great.

By continuing to embrace a spirit of openness, we will discover new ideas, welcome new people, and create new businesses.

Government wanted to position itself to capitalize on opportunities when they arise. That is why such a focus was placed on controlling spending and making smart ***strategic*** investments over the last four years.

Entamons cette seance de l'Assemblee legislative en faisant de notre province un exemple, non seulement au Canada atlantique, non seulement dans cette federation, mais a l'echelle internationale. Meme si nous sommes une petite province, nous pouvons avoir un grand impact.

Let us begin this sitting of the legislature focused on making our province an example - not just in Atlantic Canada, not just in this federation, but internationally. We may be small, but we can make a big impact.

A Healthier, Stronger Nova Scotia

A stronger Nova Scotia shares the benefits of economic growth by investing in the services we need most. If we want a stronger Nova Scotia, we need to have a healthier Nova Scotia. Government is ready to keep investing in healthcare to ensure better access to the services people need.

Providing better access to healthcare involves hiring and retaining health professionals: doctors, nurses, paramedics, pharmacists, and mental health clinicians. We know we can do that by providing more flexibility and by further investing in efforts to educate and attract doctors.

Our doctors are not just healthcare providers, they are a source of information and insight into the healthcare system. That's why our government will provide flexibility to doctors so they can choose where and how to practice. It's why input and advice of doctors, including working with Doctors Nova Scotia, will be sought out when developing recommendations or changes to primary care.

Further funding will be provided to attract and educate new doctors by adding more spaces to the family residency ***program***, adding more spaces for internationally trained doctors, and providing more tuition relief to doctors who want to practice here.

The focus on collaborative healthcare will continue as we hire more nurse practitioners and family practice nurses. These nurses will further improve Nova Scotians' ability to access healthcare services where and when they need it. We are also supporting the recruitment of young doctors, because they have told us this is the type of team they want to be a part of. Most importantly, the evidence demonstrates that this approach to providing primary health care will improve services and ultimately the health of Nova Scotians.

Cutting wait times for surgical procedures is also a priority. To help, government will add 15 new specialist residency positions. Five of these positions will be in Cape Breton.

This will support efforts already taken to reduce wait times. Those efforts were made possible by an $ 8.1 million investment that made 2,200 additional surgeries possible. Going forward, we will continue to invest more money to further reduce wait times.

More doctors and more surgeries will help many Nova Scotians, but our province also needs more mental health supports and faster access to care.

Government will make investments to hire more clinicians and support workers, improve community-based supports, and expand crisis services. Helping our children and youth in their schools will be made possible by expanding the SchoolsPlus ***Program*** and developing new Youth Health Centres.

Nova Scotians are clear - they want investments in healthcare, and those investments will be forthcoming.

More Opportunity for All Nova Scotians

Using our resources to create more opportunities for all Nova Scotians doesn't happen accidentally. It requires careful ***planning***, determination, and ***strategic*** investments in our people.

For starters, government will cut income taxes for those in the middle class and those who need it most. This tax break will benefit 500,000 Nova Scotians. It will increase the amount going back into the pockets of Nova Scotians who need it the most. The benefit will increase to $ 1000, and it means more than 60,000 people will no longer pay provincial income tax.

This is the largest income tax cut in our province's recent history.

Many Nova Scotian families are caring for loved ones with health needs.

Our government will support them, too.

Wait lists for home care services have almost been eliminated. People deserve to stay in their homes as long as possible.

Government will ensure more people can receive the caregiver benefit, a ***program*** that provides $ 400 per month in support and allows seniors to stay at home, around loved ones, longer. With this change, more than 1,600 people will become eligible.

Government has listened to Nova Scotians who say they want to be able to stay in their own homes and communities. Supporting people at home and supporting their caregivers has meant that fewer Nova Scotians have had to rely on nursing homes and when it is needed, access to nursing home care has improved - with more than a 50 per cent reduction in the waitlist for nursing homes.

This September brought a game-changing investment to the education system in our province. Government launched pre-primary sites around the province.

This investment is crucial because we know the early years of a child's life are critical for their development. The facts show that four year olds who have access to such a ***program*** perform better in school. That is the strong start our children deserve.

Not only does this ***program*** help our children, it helps families too. This ***program*** is free for families enrolled in it. That means it will save those families thousands of dollars. That savings means more support and opportunity for middle class Nova Scotians.

Education for Prosperity

Our government has always believed that a strong education is the foundation for a stronger Nova Scotia.

Over the last four years, education funding increased by $ 65 million. I am proud to say funding for education will continue to increase.

Government created the Council to Improve Classroom Conditions so it could work with teachers to build stronger classrooms. This council empowers teachers to make a real difference in education policy, and change has already happened.

Government funded the hiring of more teachers to implement class caps from grades primary to 12. There are more teachers to provide even more help with math and literacy skills. Student assessments and data entry are being streamlined so classroom teachers can focus more on teaching.

These changes will help our young people as they grow and develop. They will also help them be more prepared to enter the workforce when they eventually graduate. We know that it is as important to educate and train our children as it is to bring new people to our province.

Opportunity and Jobs for Young Nova Scotians

Already government has helped more than 2,500 young Nova Scotians stay and work here through ***programs*** like Graduate to Opportunity and the co-op ***program***. In addition, more than 2,100 young Nova Scotians were hired into the civil service since 2013.

While progress was made, there is more work to do.

The Graduate to Opportunity ***Program*** will see its budget doubled so we can help even more Nova Scotians. Over the next four years, this expansion could create as many as 1,200 new jobs.

The number of research and innovation based jobs in Nova Scotia will increase through Innovate to Opportunity, a new ***program*** that will help employers who hire Masters and PhD graduates.

While government also eliminates tuition for apprentices when they leave work to complete their training, the apprenticeship START ***program*** that focuses on hiring apprentices will grow and support 700 new opportunities.

Keeping young people here also means making life more affordable for them. Government is taking steps that collectively will mean, along with other changes to student assistance, university students can receive over $ 40,000 in non-repayment support over five years. That is more than five years of average tuition.

Our government wants to make accessing university more affordable, and it wants to make it easier for young Nova Scotians to buy their first home. To do this, households earning up to $ 75,000 per year are eligible for a down payment assistance ***program***.

With more jobs, less debt, and a down payment, more young Nova Scotians will be living and staying here.

Helping Those Who Need It Most

A stronger Nova Scotia is only possible when we help those who need it most - a more inclusive and accessible Nova Scotia, a Nova Scotia that provides more support to at-risk women and works to bring an end to the cycle of poverty that holds so many Nova Scotians down.

Around one in five Nova Scotians identifies as having a disability. Our government wants to create a more inclusive and accessible Nova Scotia. The first step was to work with community leaders to create and pass the province's first ever Accessibility Act.

To support this legislation and accelerate the spread of accessible spaces and buildings, government will create a $ 1 million Small Business ACCESS-ability ***Program*** and increase the Community ACCESS-ability ***Program*** to $ 1 million per year.

Becoming more inclusive and accessible will also help families caring for people with disabilities. Government will create a respite care ***program***, expand the independent living ***program***, and improve the existing Independent Living Support ***Program***. These changes will help families, help people with disabilities gain more independence, and create stronger communities.

While working to make our province more inclusive and accessible, government will take concrete steps to address violence against women. We cannot create more opportunity for everyone until people feel safe and secure in the province.

A safer province will come from an annual investment of $ 1 million to fight sexual violence. This will fund things like Prevention Innovation Grants that help organizations support victims and help prevent sexual violence.

A safer province will also come from an action ***plan*** to address domestic violence. We will start by working with existing groups who help at-risk women by funding new facilities. This action ***plan*** will also lay out several ***programs*** to address domestic violence. Finally, we will add a domestic violence court in Halifax and maintain the current domestic violence court in Sydney.

A safe and secure province is one that also focuses on improving economic security. That is why government will create Advance Nova Scotia. This ***plan*** promotes six actions to boost the income of low-and middle-income Nova Scotians.

In addition to the income tax cut previously mentioned, government will take steps to increase support and make it easier for people to get back to work. Together these efforts will give more Nova Scotians a chance to build a better life for themselves and their families.

The Canadian Centre for Policy Alternatives proposed introducing a standard household rate for income assistance clients. We will do that and increase rates for all types of households.

Our government will make it easier for people to transition off income assistance and back into the workforce. This will be accomplished by creating a work incentive to allow clients to earn more without seeing a reduction in their payments. This does away with an old, antiquated system that actually made it hard to get off income assistance by putting up barriers to people who wanted to re-enter the workforce.

A four-year Blueprint to End Poverty will be funded, and $ 20 million will help form partnerships between the province, other levels of government, and non-profits. It will focus on working with community groups that have new ideas, focus on employment and skills development, and find ways to tackle barriers that prevent people from improving their standard of living.

In addition to these steps, more maintenance enforcement workers will be hired to collect the millions owed to children. Government will work to ensure no one can hide behind provincial borders. This sends a clear signal that parents are expected to meet their financial obligations to their children.

Because of our government's changes, the Heating Assistance Rebate ***Program*** will help 5,000 more Nova Scotians with the cost of energy. This means we can now help more than 42,000 people across the province.

These steps are the culmination of a once-in-a-generation effort to transform our system that helps those who need it most. It is going to ***produce*** real results that will make meaningful changes in the lives of thousands.

Economic security, personal security, and fewer barriers will create a stronger province and a healthier Nova Scotia.

The Power of New People and New Ideas

Whether it is investing in healthcare, strengthening our classrooms, or helping those who need it most, we need a stronger economy. A stronger economy provides the resources necessary to make these investments. We cannot build a stronger economy without embracing new people and new ideas.

Over the last four years Nova Scotia has continued to welcome more immigrants, more international students, and more refugees to our shores. This effort led to our population growing, and it is adding to our province's diversity. This success was not accidental - it was ***planned***, supported, and invested in.

Our government repeatedly made it a priority to attract new people, launching new immigration streams for international graduates, aggressively recruiting immigrants from around the world, and making it easier for people to move here and start new businesses.

Last year, Nova Scotia welcomed more than 5,000 newcomers to our province - the highest number of arrivals since the end of the Second World War.

The federal government has recognized our immigration success and believes in our ability to attract immigrants. They have signaled their support for our population growth by working with our province to develop a multi-year ***plan*** for immigration levels, addressing ongoing labour market demands faced by provinces and territories.

Now, under the Provincial Nominee ***Program***, Nova Scotia received 1,350 nominations in 2017. The province also has a further 800 nominations through the new federal Atlantic Immigration Pilot ***Program***. Combined, this totals a record 2,150 potential nominations.

We will continue to work with the federal government to keep growing our population.

Welcoming new people to our province is the right thing to do.

Immigration strengthens the economy by increasing the labour force, finding people with skills we need, and improving our productivity.

Bringing new people with new perspectives and ideas will also see more businesses get started and more Nova Scotians employed.

Helping our traditional industries thrive means investing to help them hire more people, help them find the skilled workers they need, and help them create new products to sell around the world.

We are on track to post the best tourism season in our province's history. This follows last year's record-breaking season that brought $ 2.6 billion in revenue to the province.

Government created Tourism Nova Scotia, and put the leadership of the organization in the hands of people with business experience. They have developed a new strategy which emphasizes bringing new first-time visitors to the province and developing unique experiences for tourists.

Our success is possible because we are working with businesses to take risks and try new things.

We want to keep building on this success.

That's why government will create a $ 2 million annual fund, partnering with the federal government and the tourism sector, to invest in some of our iconic tourism sites that attract first time visitors.

Our fisheries sector is booming. Seafood exports nearly doubled to $ 1.8 billion annually.

We want to keep finding ways for the fisheries and aquaculture sector to keep growing so we can meet international demand. That is why we will continue with our Aquaculture Development ***Program***. This will fund important research to help the industry improve productivity, support strong regulations, and ensure the public is engaged while we responsibly develop this sector.

Our Building Tomorrow Fund will invest $ 3 million per year to build on the success of the Honeycrisp Orchard Renewal ***Program***. This fund will help farmers and fishers create new products and capitalize on new ideas to ensure their businesses are around for generations.

This is just one more way to focus on helping to bring new ideas to our traditional industries.

The Building Tomorrow Fund will help our ***agriculture*** sector, and so will the Wine Development ***Program***. The investments supported by this important ***program*** will help Nova Scotian ***producers*** double grape production by 2020.

While we work with our businesses to increase grape production, government will also direct the Department of Finance and Treasury Board to adopt policies that encourage further growth in our local wine, distilling, and craft beer industries. These changes will ensure better marketing and promotion of our made-in-Nova Scotia products.

We know Nova Scotians have a taste for locally made products. For proof, we only need to look at the most recent NSLC annual sales results.

Nova Scotia-made wine saw growth of nearly four per cent. Craft beer grew by 34 per cent - that's $ 10.6 million in craft beer sales alone.

The Building Tomorrow Fund and the Wine Development ***Program*** will build on the recent success of our ***agriculture*** sector, which generated $ 350 million in exports last year.

While we work with traditional industries, we want to support new high-potential, high-growth industries.

Our government is placing a focus on ocean industries and technology where economic potential is very strong. With partners like the federal government, the private sector and other universities in the Atlantic region, Dalhousie University has created the Ocean Frontier Institute.

Government will keep working with partners to build an innovation infrastructure in this province so future inventors and entrepreneurs have the support they need. We will do this by continuing to invest in sandboxes around the province.

Government worked with universities and our community college to launch these innovation hubs around Nova Scotia. Through this initiative, over 4,600 students worked with 130 mentors to turn their ideas into reality. In addition to the seven sandboxes currently operating in Nova Scotia, we will add another sandbox focused on our ocean sector.

While continuing to support tech companies, government will invest in and support small business here in Nova Scotia.

We will also cut small business taxes so they can invest, expand, and hire. We will increase the income threshold for the 3 per cent small business tax rate from $ 350,000 to $ 500,000. This means small business can earn an extra $ 150,000 and their tax rate is reduced.

Our government knows that cutting red tape helps small businesses grow. The Canadian Federation of Independent Business has recognized Nova Scotia for the work we're doing to cut red tape. They've said we have made the most progress, in the shortest period of time, of any province in the country. We will build on this success and further reduce red tape by $ 25 million.

Government will provide better internet access by taking concrete steps. We have already partnered with municipalities, private service providers and community groups to improve service. We are developing a longer-term ***plan*** which will use fibre optic cable to build a backbone for service in rural areas of the province backed up by satellite service to reach areas with challenging geography. And we are working with the federal government to leverage our investments, to reach more rural homes and businesses with improved service.

New Markets

While our government works to bring more people to Nova Scotia, we want to sell more of our products abroad.

The Export Growth ***Program*** ***produces*** success stories every year. We are growing the size of this ***program*** so more businesses can find customers in other markets. This support will help with the cost of trade shows and conferences, travel to markets, and partnering on trade missions.

An Export Accelerator ***Program*** will also be established to help get Nova Scotian products to market. This ***program*** will connect businesses with international experts. It will be led by Nova Scotia Business Inc., and it will provide direct support and service to important exporters.

Our resources are in demand around the world. We are supporting our traditional sectors to find new ideas for new products so they can create even more value when sold in other markets. These efforts, combined with increased support for export ***programs***, will help create more jobs.

We want to grow the economy, not just for the sake of growth itself, but because of how that growth will empower so many Nova Scotians.

Focusing on these priorities is how government will build a stronger Nova Scotia. To ensure the successful implementation of the priority objectives highlighted here today, beginning October 1st, the mandate of the Premier's Delivery Unit will evolve to become the Office of Strategy Management. The office will be led by a deputy minister, and have a broader focus on government's overall ***strategic*** objectives. The office will establish clear measures, track and report performance, and will work across government departments to focus on achieving results while advancing government's policy agenda.

Opportunity and Optimism

Providing more opportunity for all Nova Scotians and creating a healthier Nova Scotia will only be possible when we open ourselves, our communities, and our province to new people, new ideas, and new approaches.

We can look to a chocolatier in Antigonish.

The growing prosperity of our Mi'kmaw communities is being recognized nationally and internationally.

Our African Nova Scotian community helped establish the province's human rights commission.

Notre communaute acadienne travaille sans relche dans nos secteurs traditionnels importants, soit la peche, la foresterie et le tourisme. Elle joue aussi un role important dans notre secteur culturel, a la fois par les arts et par les experiences touristiques culturelles.

Our Acadian community works tirelessly in our important traditional sectors - fisheries, forestry, and tourism. And it plays an important role in our cultural sector, both through art and through cultural tourism experiences.

European immigrants traveled here and powered our coal mines and steel mills.

The impact of our province's Lebanese community can be felt throughout our province.

Our government has appointed more women to the bench, and we are approaching gender parity.

Our province's diverse culture shines through in our art, and our creative economy is growing.

For cultural inspiration, we can look to the work of Alan Syliboy, an accomplished Mi'kmaq artist from the First Nations community of Millbrook. Or Shauntay Grant, whose storytelling is inspired by the traditions of her ancestors in Nova Scotia's historic black communities.

We want to celebrate our culture, hold tight to optimism, and remain open to new ideas, because that is the foundation of a ***plan*** that will make our province stronger.

Openness and understanding come from education and experience. The more we learn about one another and the more we interact with one another, the more we understand.

Our province's future and our children and grandchildren's prosperity depends on this very interaction.

Prosperity will come as new ideas are turned into new businesses and traditional businesses create new products.

La croissance dont nous avons besoin decoulera de notre volonte d'agir pour miser sur des possibilites. Ces possibilites font que je vois l'avenir de notre province avec optimisme.

The growth we need will come from a willingness to reach out and capitalize on opportunities. These opportunities make me optimistic about our province's future.

From openness and opportunity comes optimism. And I know no problem exists that we as a province cannot tackle together. When we stand together, we are stronger together.

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[***FEDERAL REGISTER: Notice of Solicitation of Applications for the Repowering Assistance Program Pages 17522 - 17524 [FR DOC # 2018-08298]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S52-FN31-F0YC-N1JT-00000-00&context=1516831)

Impact News Service

April 20, 2018 Friday

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**Length:** 2559 words

**Body**

Washington: Office of the Federal Register has issued the following notice:

DEPARTMENT OF ***AGRICULTURE*** Rural Business-Cooperative Service Notice of Solicitation of Applications for the Repowering Assistance ***Program*** AGENCY: Rural Business-Cooperative Service, USDA. ACTION: Notice. ----------------------------------------------------------------------- SUMMARY: This Notice announces the solicitation of applications for up to $5 Million of available funding under the Repowering Assistance ***Program*** to encourage the use of renewable biomass as a replacement fuel source for fossil fuels used to provide process heat or power in the operation of eligible biorefineries. To be eligible for payments, biorefineries must have been in existence on or before June 18, 2008. DATES: Applications will be accepted from April 20, 2018 through July 19, 2018. Applications received after July 19, 2018, regardless of their postmark, will not receive consideration. If the actual deadline falls on a weekend or a federally-observed holiday, the deadline is the next Federal business day.

ADDRESSES: Applications and forms may be obtained from:  USDA, Rural Business-Cooperative Service, Energy Division, Attention: Repowering Assistance ***Program***, 1400 Independence Avenue SW, STOP 3225, Washington, DC 20250-3225.      Agency website: [*http://forms.sc.egov.usda.gov/eForms*](http://forms.sc.egov.usda.gov/eForms). Follow instructions for obtaining the application and forms. Application materials can also be obtained from the Agency's website.   [*http://www.rd.usda.gov/****programs****-services/repowering-assistance-****program***](http://www.rd.usda.gov/programs-services/repowering-assistance-program).

FOR FURTHER INFORMATION CONTACT: For further information on this payment ***program***, please contact Fred Petok, USDA, Rural Business- Cooperative Service, Energy Division, 1400 Independence Avenue SW, Room 6870, STOP 3225, Washington, DC 20250-3225. Telephone: 202-690-0784. Email: [*frederick.petok@wdc.usda.gov*](mailto:frederick.petok@wdc.usda.gov)

SUPPLEMENTARY INFORMATION:

Preface

    The Agency encourages applications that will support recommendations made in the Rural Prosperity Task Force report to help improve life in rural America ([*www.usda.gov/ruralprosperity*](http://www.usda.gov/ruralprosperity)). Applicants are encouraged to consider projects that provide measurable results in helping rural communities build robust and sustainable economies through ***strategic*** investments in infrastructure,

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partnerships, and innovation. Key strategies include:

 Achieving e-Connectivity for Rural America  Developing the Rural Economy  Harnessing Technological Innovation  Supporting a Rural Workforce  Improving Quality of Life

Paperwork Reduction Act

    In accordance with the Paperwork Reduction Act of 1995, the information collection requirements associated with the Section 9004 Repowering Assistance ***Program***, as covered in this Notice, have been approved by the Office of Management and Budget (OMB) under OMB Control Number 0570-0066.

Overview

    Federal Agency Name: Rural Business-Cooperative Service (an agency of the United States Department of ***Agriculture*** (USDA) in the Rural Development mission area).     Payment Proposal Title: Repowering Assistance ***Program***.     Announcement Type: Notice of Solicitation of Applications.     Catalog of Federal Domestic Assistance (CFDA) Number. The CFDA number for this Notice is 10.866     Dates: To receive funding consideration, applications must be received in the USDA Rural Business-Cooperative Service, Energy Division no later than 4:30 p.m Eastern Daylight Time on July 19, 2018. Any application received after 4:30 p.m Eastern Daylight Time on July 19, 2018, will not compete for funds announced in this Notice.     Availability of Notice and Rule. This Notice and the interim rule for the Repowering Assistance ***Program*** are available on the USDA Rural Development website at [*http://www.rd.usda.gov/****programs****-services/repowering-assistance-****program***](http://www.rd.usda.gov/programs-services/repowering-assistance-program) and at   [*http://www.rd.usda.gov/newsroom*](http://www.rd.usda.gov/newsroom).

I. Funding Opportunity Description

    A. Purpose of the ***Program***. The purpose of this ***program*** is to provide financial incentives to biorefineries in existence on or before June 18, 2008 (the date of the enactment of the Food, Conservation, and Energy Act of 2008 (the 2008 Farm Bill, Pub. L. 110-234) to replace the use of fossil fuels used to ***produce*** heat or power at their facilities by installing new systems that use renewable biomass, or to ***produce*** new energy from renewable biomass.     B. Statutory Authority. This ***Program*** is authorized under 7 U.S.C 8104. Regulations are contained in 7 CFR part 4288, subpart A.     C. Definition of Terms. The definitions applicable to this Notice are published at 7 CFR 4288.2     D. Application Awards. The Agency will review, evaluate, and award applications received in response to this Notice based on the provisions found in 7 CFR part 4288, subpart A.

II. Award Information

    A. Available Funds. The Agency is authorizing up to $5 million for this ***program*** in FY 2018.     B. Number of Payments. The number of payments will depend on the number of participating biorefineries.     C. Amount of Payments. The Agency will determine the amount of payments to be made to a biorefinery in accordance with its regulations at 7 CFR part 4288, subpart A, which take into consideration the percentage reduction in fossil fuel used by the biorefinery (including the quantity of fossil fuels a renewable biomass system is replacing) and the cost and cost-effectiveness of the renewable biomass system.     D. Payment Limitations. There is no minimum payment amount that an individual biorefinery can receive. The maximum amount an individual biorefinery can receive under this Notice is 50 percent of total eligible project costs up to a maximum of $2 million.     E. Project Costs. Eligible project costs, in accordance with 7 CFR 4288.11, will be only for project related construction costs for repowering improvements associated with the equipment, installation, engineering, design, site ***plans***, associated professional fees, permits and financing fees. Any project costs incurred by the applicant prior to application for payment assistance under this Notice will be ineligible for payment assistance.     F. Type of Instrument. Payment agreement.

III. Eligibility Information

    A. Eligible Applicants. Applicant eligibility requirements are found in 7 CFR 4288.10 Among other things, to be eligible for this ***program***, an applicant must be a biorefinery that has been in existence on or before June 18, 2008, and will utilize renewable biomass to replace fossil fuel for repowering the biorefinery.     B. Ineligible Projects. In accordance with 7 CFR 4288.10(b), a project is not eligible under this Notice if it is using feedstocks for repowering that are feed grain commodities that received benefits under Title I of the Food, Conservation, and Energy Act of 2008. Similarly, in accordance with 7 CFR 4288.10(a)(3) and 7 CFR 4288.10(a)(4) projects that do not score the minimum 5 points for cost-effectiveness and percentage of reduction of fossil fuel used, as outlined in 7 CFR 4288.21(b) will be deemed ineligible.

IV. Multiple Submissions

    In accordance with 7 CFR 4288.10(a)(2), Corporations and entities with more than one biorefinery can submit an application for only one of their biorefineries. However, if a corporation or entity has multiple biorefineries located at the same location, the entity may submit an application that covers such biorefineries provided the heat and power used in the multiple biorefineries are centrally ***produced***.

V. Scoring Advice

    A. Cost Effectiveness. To be eligible and meet the minimum scoring criteria, the project must have a simple payback period of no more than 10 years (i.e , must be awarded at least five points for cost- effectiveness under 7 CFR 4288.21(b)(1)).     B. Percentage of Reduction of Fossil Fuel Used. To be eligible and meet the minimum scoring criteria, the applicant must demonstrate that the repowering project has an anticipated annual reduction in fossil fuel use of at least 40 percent (i.e , the application must be awarded at least five points for percentage of reduction of fossil fuel used under 7 CFR 4288.21(b)(2)).

VI. Project Financing

    The applicant must demonstrate that it has sufficient funds or has obtained commitments for sufficient funds to complete the repowering project, taking into account the amount of the payment request in the application.

VII. Application and Submission Information

    A. To Request Applications. Application forms are available from the USDA Rural Development State Office, State Energy Coordinator, and the Agency website found at [*http://forms.sc.egov.usda.gov*](http://forms.sc.egov.usda.gov) Follow instructions on the Agency website for obtaining the application and forms.   [*http://www.rd.usda.gov/****programs****-services/repowering-assistance-****program***](http://www.rd.usda.gov/programs-services/repowering-assistance-program).     B. Content and Form of Submission. Applicants must submit a signed original and one copy of an application containing all the information specified in 7 CFR 4288.20(b) and (c).     C. Submission Dates and Times. Applications to participate in this ***program*** must be submitted between April 20, 2018 and July 19, 2018. Applications received after 4:30 p.m Eastern Daylight Time July 19, 2018, regardless of their postmark, will not be

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considered by the Agency for funding consideration.     D. Submission Instructions. Two copies of the application materials should be submitted to: USDA Rural Business-Cooperative Service, Energy Division, Attention: Repowering Assistance ***Program***, 1400 Independence Avenue SW, Room 6901, STOP 3225, Washington, DC 20250-3225.     E. Payment Provisions. Payments will be made according to the provisions specified in 7 CFR 4288.13(b) and (c) and in 7 CFR 4288.24

VIII. Application Review and Selection Information

    The Agency will evaluate projects based on the cost, cost- effectiveness, and capacity of projects to reduce fossil fuels used.     A. Review. The Agency will review applications submitted under this Notice in accordance with 7 CFR 4288.21(a).     B. Scoring. The Agency will score applications submitted under this Notice in accordance with 7 CFR 4288.21(b).     C. Ranking and Selecting Applications. The Agency will consider the score an application has received compared to the scores of other applications, with higher scoring applications receiving first consideration for payments. Using the application scoring criteria point values specified in 7 CFR 4288.21, the Agency will select applications for payments.     D. Availability of Funds. As applications are funded, if insufficient funds remain to pay the next highest scoring application, the Agency may elect to pay a lower scoring application. Before this occurs, the Agency will provide the applicant of the higher scoring application the opportunity to reduce the amount of its payment request to the amount of funds available. If the applicant agrees to lower its payment request, it must certify that the purposes of the project can be met, and the Agency must determine the project is feasible at the lower amount.

IX. Administration Information

    A. Notice of Eligibility. The provisions of 7 CFR 4288.23 apply to this Notice. These provisions include notifying an applicant determined to be eligible for participation and notifying an applicant determined to be ineligible, including their application score and ranking and the score necessary to qualify for payments.     B. Administrative and National Policy Requirements.     (1) Review or Appeal Rights. A person may seek a review of an Agency adverse decision or appeal to the National Appeals Division as provided in 7 CFR 4288.3     (2) Compliance with Other Laws and Regulations. The provisions of 7 CFR 4288.4 apply to this Notice, which includes requiring participating biorefineries to be in compliance with other applicable Federal, State, and local laws.     (3) Oversight and Monitoring. The provisions of 7 CFR 4288.5(a) and (b) apply to this Notice, which includes the right of the Agency to verify all payment applications and subsequent payments and the requirement that each biorefinery must make available, at one place at all reasonable times for examination by the Agency, all books, documents, papers, receipts, payroll records, and bills of sale adequate to identify the purposes for which, and the manner in which, funds were expended for all eligible project costs for a period of not less than 3 years from the final payment date.     (4) Reporting. Upon completion of the repowering project funded under this Notice, the biorefinery must submit a report, in accordance with 7 CFR 4288.5(c), to the Agency annually for the first 3 years after completion of the project. The reports are to be submitted as of October 1 of each year.     (5) Exception Authority. The provisions of 7 CFR 4288.7 apply to this Notice.     (6) Succession and Control of Facilities and Production. The provisions of 7 CFR 4288.25 apply to this Notice.     C. Environmental Review. All recipients under this Notice are subject to the requirements of 7 CFR part 1970 or successor regulation.

X. Agency Contacts

    For further information about this Notice, please contact Fred Petok, USDA, Rural Business--Cooperative Service, Energy Division, 1400 Independence Avenue SW, Room 6870, STOP 3225, Washington, DC 20250- 3225. Telephone: 202-690-0784. Email: [*frederick.petok@wdc.usda.gov*](mailto:frederick.petok@wdc.usda.gov)

XI. Nondiscrimination Statement

    In accordance with Federal civil rights law and U.S Department of ***Agriculture*** (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA ***programs*** are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance ***program***, political beliefs, or reprisal or retaliation for prior civil rights activity, in any ***program*** or activity conducted or funded by USDA (not all bases apply to all ***programs***). Remedies and complaint filing deadlines vary by ***program*** or incident.     Persons with disabilities who require alternative means of communication for ***program*** information (e.g , Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, ***program*** information may be made available in languages other than English.     To file a ***program*** discrimination complaint, complete the USDA ***Program*** Discrimination Complaint Form, AD-3027, found online at [*http://www.ascr.usda.gov/complaint\_filing\_cust.html*](http://www.ascr.usda.gov/complaint_filing_cust.html) and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:     (1) Mail: U.S Department of ***Agriculture***, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue SW, Washington, DC 20250-9410;     (2) Fax: (202) 690-7442; or     (3) Email: [***program****.intake@usda.gov*](mailto:program.intake@usda.gov)     USDA is an equal opportunity provider, employer, and lender.

    Dated: April 16, 2018. Bette B. Brand, Administrator, Rural Business-Cooperative Service. [FR Doc. 2018-08298 Filed 4-19-18; 8:45 am]  BILLING CODE 3410-XY-P

**Load-Date:** April 21, 2018

**End of Document**



[***Register of Commission documents: Draft Commission Implementing Decision on the Annual Action Plan 2017 and 2018 part I for Bolivia Document date: 2017-07-04 COM-AC\_DR(2017)D052019-01(ANN01) Comitology - Right of scrutiny***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PDW-MHD1-JDG9-Y372-00000-00&context=1516831)

Impact News Service

September 5, 2017 Tuesday

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**Length:** 11646 words

**Body**

Brussels: Public Register European Parliament has issued the following document:

[1] ANNEX of the Commission Implementing Decision on the Annual Action ***Plan*** 2017 and 2018 part I for Bolivia Action Document for “Integrated Water and Natural Resources Management” 1. Title/basic act/ CRIS number “Integrated Water and Natural Resources Management” - CRIS number: DCI-LA/2017/039-032 financed under Development Cooperation Instrument 2. Zone benefiting from the action/location Latin America and Caribbean, Bolivia The action shall be carried out at the following location: Bolivia 3. ***Programming*** document Multiannual Indicative ***Programme*** 2017-20 for Bolivia 4. Sector of concentration/ thematic area Sector 3: water, sanitation and natural resource management DEV. Aid: YES 5. Amounts concerned Total estimated cost: EUR 51 million Total amount of EU budget contribution EUR 51 million of which EUR 51 million for budget support The contribution is for an amount of EUR 25 million from the general budget of the European Union for 2017 and for an amount of EUR 26 million from the general budget of the European Union for 2018, subject to the availability of appropriations following the adoption of the relevant budget. 6. Aid modality(ies) and implementation modality(ies) Budget Support Direct management –Budget Support: Sector Reform Contract 7 a) DAC code(s) 14040 – River basins’ development 31210 – Forestry policy and administrative management 41040 – Site preservation 41030 – Biodiversity 74010 – Disaster prevention and preparedeness b) Main Delivery Channel Recipient Government- 12000 [2] 8. Markers (from CRIS DAC form) General policy objective Not targeted Significant objective Main objective Participation development/good governance ☐ ☐ x Aid to environment ☐ ☐ x Gender equality (including Women In Development) x ☐ ☐ Trade Development x ☐ ☐ Reproductive, Maternal, New born and child health x ☐ ☐ RIO Convention markers Not targeted Significant objective Main objective Biological diversity ☐ ☐ x Combat desertification ☐ x ☐ Climate change mitigation ☐ x ☐ Climate change adaptation ☐ ☐ x 9. Global Public Goods and Challenges (GPGC) thematic flagships Global Climate Change Alliance Plus (GCCA+) flagship (for issues of sustainable land use, risk management ***planning***, ecosystem based management, adaptation and mitigation synergies) Biodiversity for life (B4LIFE) and Forest Law Enforcement Governance and Trade (FLEGT) flagships (for issues of land degradation, deforestation and biodiversity loss) SUMMARY In a context of climate change and increased pressure on natural resources, there is need to act on the close link between environment preservation and conservation and the availability and sustainability of water resources for human consumption as well as for productive activities.

EU experience in the country through past and current ***interventions*** in the areas of river basins and protected areas management shows the need for further integrate these sub-sectors, as also auspicated by the Bolivian Ministry of Environment and Water. In this framework, the Action proposes to improve sustainable and climate resilient management of natural resources ensuring availability of quality water and the protection of critical ecosystems (general objective) through the improvement of water governance and management of water-related risks and the protection and sustainable use of critical ecosystems and their biodiversity (specific objective). To do so, the Action will support the Ministry of Environment and Water’s Integrated ***Plan*** for Sector Development and the relevant sub-sector policies to: improve governance of natural resources at local level; increase resilience to water-related natural disasters; continue investment for protection and sustainable use and management of natural resource; support monitoring systems for water quality, forest and protected areas; and increase knowledge and improve practices of the general population in relation to water and environment. The action is in line with the Bolivian Economic and Social Development ***Plan*** 2016-20 and the related sector policies, as well as with the priorities set by the European Consensus for Development, the EU principle of green growth, the Union Environment Action ***Programme*** to 2020, the EU commitments to step up contribution to averting global biodiversity loss by 2020 and to addressing at least 20 % of the its budget to low carbon and climate resilient society, and the EU Gender Action ***Plan*** II. It is set in the framework of the European Joint [3] Strategy for 2017-20 and of the EU Multiannual Indicative ***Programme*** (MIP) 2017-2020 for Bolivia and aims to contribute to the progressive achievement of the Sustainable Development Goal (SDG) 5 (on gender equality) and 6, 12, 13 and 15 (on environment issues). 1 CONTEXT 1.1 Sector/Country/Regional context/Thematic area 1.1.1 Public Policy Assessment and EU Policy Framework The 2009 Constitution and the Ley de la Madre Tierra (Law of Mother Earth) of 2012 set out Bolivia´s endorsement of the human right to water and sanitation and its vision about natural resource management. In these documents, the Government states as its main objective the promotion of integrated development to guarantee the well-being of the population while protecting the regenerative and adaptive capacity of the environment. This vision is translated into pillars 6 and 9 of the Government´s Economic and Social Development ***Plan*** (PDES from its Spanish acronym) 2016-2020: “Productive sovereignty with diversification” and “Environmental sovereignty with integrated development”, which are further articulated around wood and Amazonian products, sustainable productive systems, water resources and natural disasters prevention, forests and protected areas, and waste management. Significant alignment can be found between the PDES, the Institutional ***Strategic*** ***Plan*** 2014-18 of the Ministry of Environment and Water (MEW) and Bolivia's Nationally Determined Contribution (NDC) on climate change, especially in the sectors of water and forestry. A ***planning*** exercise was completed to operationalize the goals set in the PDES, both at central and sub-national level, including the formulation of a new ***plan*** to integrate actions in environment and water– the Sector ***Plan*** for Integrated Development (PSDI, Spanish acronym) representing the new sector policy. Existing national ***programmes*** are being revised to ensure alignment and a new integrated monitoring system is to be established. In the water sub-sector, the Vice Ministry of Water Resources and Irrigation (VRHR, Spanish acronym) continues to pursue its successful strategy of fostering decentralised and integrated watershed management while working on governance and capacity building with a variety of stakeholders (communities, productive sector, universities, municipalities, departments and NGOs). This focus on local-level management includes attention to the different situation and impacts on men and women, which is translated in project design. The National Watershed ***Plan*** (PNC, Spanish acronym) is currently being adjusted to reflect the ambitious targets defined in the PDES, which will require additional funding and implementation capacity to be achieved. An element of novelty is represented by the increasing attention and investment in large scale, multi-sector and infrastructure-heavy ***interventions*** in key basins, which are in line with the EU Nexus Initiative. The preparation phase of these new ***programmes*** has highlighted the importance of transparent and effective management of water resources in order to guarantee equity in water services provision and prevention of social conflict. In the environment sub-sector, the PDES emphasises poverty reduction for people living in protected areas and demands an increased contribution of the forest sector to the national economy. Supreme Decree 2366 of 2015, allowing hydrocarbon exploration in protected areas, was an early indication of this new approach. The Vice Ministry of Environment, [4] Biodiversity, Climate Change and Forest Management and Development (VMA, Spanish acronym) and related entities as the National Service for Protected Areas (SERNAP, Spanish acronym) and the Forest and Land Authority (ABT, Spanish acronym) are in the process of defining new strategies and reviewing their implementation mechanisms. It is of outmost importance to support the Ministry in sustainably combining poverty reduction and environmental protection. Although the national policy on gender equality, the “***Plan*** of Equal opportunity: Women constructing the new Bolivia for Vivir Bien” (2009) and the gender equality-related objectives of the PDES do not target or identify specific links with the water and environment sector, the MEW is in the process of developing its own guidelines. Differences between Bolivia and the EU on climate change (e.g on climate justice, share of responsibilities between nations, assessment methodologies and mechanisms for actions) do not hinder collaboration at country level on topics as water, forestry and energy. Achieving Bolivia's extremely ambitious NDC targets will require strong political will and external support in terms of funding and technical assistance. Changing the energy matrix would represent a main paradigm shift for a country dependent at 36 % on hydrocarbons1, and require private sector negotiations as well as a new regulatory and incentive framework. For the proposed 13-fold increase in forested area2, new regulations, a good incentive structure, widespread technical assistance and a monitoring system based on nationally-agreed sector definitions are necessary. Dialogue among ministries in charge of environment, energy, infrastructure and ***agriculture*** will be key to ensure coherence of the respective policies. In this context, this Action will support the MEW's PSDI which is considered by the delegation to be a relevant, credible and measurable policy, hence eligible for sector budget support. This action is in line with the priorities set by the European Consensus for Development, as it contributes to inclusive and sustainable growth for human development through improved natural resources management. It is also aligned to EU principle of green growth, the Union Environment Action ***Programme*** to 2020, and the commitments to step up contribution to averting global biodiversity loss by 20203 and to addressing at least 20 % of the its budget to low carbon and climate resilient society4. The environment sector, including water issues, has also been identified as one of the main cooperation areas under the Joint European Strategy in Bolivia 2017-20. Finally, the action is in line with the the EU Gender Action ***Plan*** 2016-2020, specifically the thematic priority “Economic, Social and Cultural Rights - Economic and Social Empowerment” – objectives 15 and 16. 1.1.2 Stakeholder analysis The VRHR is the leading actor in the watershed management sector, setting policy, implementation strategies and guidelines for ***interventions***. It leads a number of national and subnational platforms for the ***planning***, financing and implementation of integrated water 1 Bolivian Ministry of Economy, figure related to budget year 2015 2 VMA – Forest Directory, draft forestation ***plan***, 2016 3 EU Biodiversity target as part of EU ***Strategic*** ***Plan*** for Biodiversity 2011-2020 4 DCI regulations, recital 20 [5] resource ***interventions***, and it coordinates with the National Meteorology and Hydrology Service for the functioning of an early warning system in flood-prone areas. The VMA is in charge of all environmental regulations and licensing processes, biodiversity strategies and ***programmes***, biotechnology and biosecurity, wildlife trafficking issues, supervision of the National System of Protected Areas and forestry ***plans***. Responsibilities for climate change issues are shared with the Mother Earth Multinational Authority, which is the ***strategic*** entity in charge of climate change-related funding and reporting through its mitigation and adaptation (funding) mechanisms. The management of the 22 national level protected areas is under the responsibility of the SERNAP, the licensing and monitoring of forest use is responsibility of the ABT, while the funding of forest projects is supervised by the National Fund for Forest Development. Coordination between MEW viceministries and between the viceministries and their decentralised entities is not optimal. While foreseen by law, the delegation of decision making powers to sub-national level governments is expected to be a long term process. The nine Autonomous Departmental Governments (GADs, Spanish acronym) constitute the intermediate level of government structure and perform a central role in development ***planning*** exercises, e.g through their ***Plans*** for Soil Use (PLUS) and in river basin management in the case of major ***strategic*** watersheds shared by more than one municipality. Among the responsibilities of the GAD is the co-financing of investments and the support of Autonomous Municipal Governments in the implementation of their competencies. A few GADs have institutionalised specialized services for water resource management (the Departmental Watershed Service of Cochabamba and the Water Channelling and Pirai River Regulation Service of Santa Cruz) and environment/ protected areas management (the Sustainable Development Secretary of Santa Cruz, the Departmental Service of Protected Areas of Beni). Levels of capacity and availability of resources differ significantly among GADs, with Potosí, Chuquisaca, Beni and Pando ranking as the most vulnerable5. Autonomous Municipal Governments (GAMs, Spanish acronym) have their own development ***plans***, which, while attending local needs, are required to align and contribute to national strategies and ***plans***. Responsibilities of GAMs include, among others, the identification, design and implementation of water management projects, the management of municipal protected areas, and disaster prevention and management. Responsibilities, however, do not always match with the municipal level of capacities, both in technical and financial terms. The recent decrease in hydrocarbon-proceeding income and long procedures for transfers from the national treasury have further complicated GAMs' work. Other key actors within the government structure are the Ministry of Development ***Planning***, through the Vice Ministry of Public Investment and External Financing, because of its role in the coordination of international cooperation, the Ministry of Economy and Public Finance, responsible for allocations of financial resources from the national treasury, and the Vice Ministry of Civil Defence (VIDECI, Spanish acronym) in charge of the response to natural disasters (floods, droughts, fires). As main beneficiaries of investment projects, women and men of rural communities and indigenous territories take part in the decision making processes and management of natural resources through local watershed management organizations, protected areas management committees, etc. In the valleys, women are typically represented through the strong social and political voice of the Bartolina Sisa group, while in the highlands women traditionally share leadership roles with their husbands according to the chacha-warmi system. Indigenous 5 VIDECI, “Documento Pais Bolivia”, 2014 [6] communities have their traditional ways of relating with nature and benefit from a higher level of autonomy, which often translates in having their own local level development ***plans***. Civil society organisations, including NGOs, women’s groups (such as Bartolina Sisa and the National Confederation of Rural, Indigenous, and Native Women of Bolivia) and organizations working on women’s right (specifically members of the Women’s Alliance in Defence of Mother Earth, and the Women Coordinator), universities and study centres, play a crucial role in providing professional training, research and information dissemination (e.g through pedagogic watersheds), address specific concerns of women and other disadvantaged groups, and at times implement projects directly. The past few years have seen a shrinking operational environment for NGOs, due to both reduced external funding and tighter controls from the government side, but the EU maintains a close collaboration on the basis of its civil society roadmap. Donors participating in the river basin donor group and the GRUS environment sub-group represent a strong voice in policy dialogue and advocacy, besides being a major source of technical and financial support for the implementation of national ***programmes***. Besides the EU, currently Belgium, Sweden, Germany, Switzerland, the World Bank and the Inter-American Development Bank (IDB) financially contribute to the PNC, while Belgium, Germany and Sweden also support the VRHR with technical assistance ***programmes***. Denmark, Switzerland, Japan, IDB and CAF are the main donors to the environment sector, although the Danish ***programme*** on forest and protected areas will end in 2017, and the Swiss climate change portfolio will considerably be scaled down in the coming years. Alongside the donors, there are the UN agencies and other actors such as the Foundation for the Development of the Protected Areas National System which attract and canalise additional resources especially in the environment sector. Finally, it is worth mentioning the role of neighbouring countries. For example, the implementation of depuration ***interventions*** on the Peruvian side will be crucial for the success of the Bolivian ***programme*** for the environmental sanitation of the Titicaca Lake, while the ***agriculture*** policies in Brazil and Argentina are pushing large scale ***producers*** to cross into the Bolivian territory for soy farming. On the other hand, water management on the Bolivian side has important repercussions on neighbouring countries as Bolivia hosts water sources and the upstream part of important Latin American rivers (such as Pilcomayo). While transboundary ***interventions*** are not foreseen under this Action, the benefits will be felt also in downstream countries. 1.1.3 Priority areas for support/problem analysis Bolivia is rich in water resources and biodiversity6, but both climate variability and human activities are impacting on this abundance. Temperature increase, coupled with higher frequency of El Niño phenomenon, is expected to lead to the disappearance of 80 % of the small glaciers in the Andean mountain range in the coming 20 years, with important consequences on water availability and hydrological ecosystems of the high lands, including the Titicaca and Poopó lakes. Since 1970, annual rainfalls have increased by 15 % in the Amazon region and decreased by 20-25 % in the Santa Cruz valleys.7 At the same time, incompliance with land use ***plans***, deforestation (including through illegal bush fires), inadequate ***planning*** of human settlements, infrastructure and economic activities, and river course alteration, further increase the physical vulnerability of 6 According to the UN Environment ***Programme*** - World Conservation Monitoring Centre, Bolivia ranks 12th in the list of most biodiverse countries. It has 12 ecoregions and 199 ecosystems represented on its territory. 7 VIDECI, “Documento Pais Bolivia”,2014 [7] river basins that already are prone to degradation and erosion due to the sandy nature of their soil at source. As a consequence, frequency and intensity of natural disasters have been increasing and Bolivia has the worst possible value in ECHO natural disaster index. Different ecoregions suffer from different hydro-meteorological hazards (typically floods in low lands, flash floods in the Andean valleys, hailstorms and droughts in the highlands, dry valleys and Chaco region, and landslides in urban areas). Since 2002, on average 100,000 families per year have been affected by natural disasters, mostly in the departments of La Paz, Beni, Pando, Cochabamba and Santa Cruz8. The 2016 drought affected over 400,000 people in the capital city alone. The newly settled neighbourhoods of medium and large cities and the northern low lands (especially the Mamoré, Rio Grande, San Julian and Beni- Itenez and Madre de Dios basins) are the most vulnerable and exposed to floods and landslides. Women are disproportionately affected by natural disasters, such as floods, as a result of gender inequalities regarding political and economic status, human rights, education and health. Competition for scarcer water resources is increasing due to population growth; given the still weak water governance in most basins, social conflicts are on the rise. Practitioners recognize that scarcity and conflicts often cause heavier repercussions on the most disadvantaged population categories, including the poor, ethnic minorities and women. More water and sewage connections in the urban and peri-urban areas, but also inappropriate water use in industrial and mining activities, result in high levels of pollution. Problems are particularly acute in the high lands of the Lake Titicaca – Desaguadero River – Lake Poopò9 – Coipasa Salt Flats (TDPS, Spanish acronym) system where, alongside old environmental liabilities from mining, other types of contamination and water deviation through illegal channels have resulted in rivers and lakes drying up, damages to the ecosystems10, loss of livelihoods and human health problems. In other departments like Cochabamba, Tarija and Sucre local communities have initiated actions to solve land degradation and water scarcity problems but with limited effectiveness due to lack of proper orientation, follow-up and technical assistance under comprehensive and integrated ***plans***. Forests and protected areas are equally object of conflicts and subject to increasing pressure. While deforestation is mainly due to expanding livestock and ***agriculture*** production and creation of new settlements, degradation is linked to wood extraction, mining and fires. Nine11 of the threatened national protected areas, and many sub-national ones, are located in the sub Andean corridor, where most of the country's rivers originate. In the low lands of Santa Cruz, Beni and Pando, protected and forested areas play a crucial role for climate change mitigation and adaptation – by retaining water and humidity and capturing carbon – besides representing a source of food and income opportunities. These environmental functions benefit greatly the ***agriculture*** sector in the Santa Cruz department, source of 70 % of Bolivian ***agriculture*** ***produce***, where approximately 40 % of ***agriculture*** land is at less than 50 km from a protected 8 VIDECI “Documento Pais Bolivia”, 2014, ECHO Integrated Analysis Framework for Bolivia, 2016, and Oxfam “Atlas. Amenazas, vulnerabilidades y riesgos de Bolivia”,2010 9 In October 2015, water quality monitoring revealed high levels of metals, arsenic, clorure, sulfate and ammoniac in the Poopó basin, due to mining activities, and high levels of nitrite due to organic contamination from the urban areas, making water inadequate for human consumption or even irrigation in downriver communities. 10 In the Lake Titicaca the increase in pollution and temperature has caused the growth of algae that, in turn, affect the natural production of forage as well as the habitat of birds, frogs and fishes. 11 Apolobamba, Madidi, Pilon Lajas, TIPNIS, Amboró, Tunari, Tariquía, Aguarague and Iñao. [8] or forested area. This notwithstanding, Santa Cruz suffered 76 % (or over 1.3 million hectares) of the total forest loss experienced by Bolivia in the period 2000-201012. ***Interventions*** in protected and forested areas bring about social consequences as well, as a large part of the forested land overlaps with indigenous territories, and over 30 indigenous groups depend on these areas and their biodiversity for their livelihoods. Despite the announced government efforts to diversify the economy13, ore, gas and soy exports will continue to represent important sources of income for the country. Moreover, investment in most of the economic sectors identified as key in the PDES - energy, infrastructure, hydrocarbon, ***agriculture***, mining and tourism – can have considerable environmental consequences. Therefore, it can be expected that pressure on and conflict for water and other natural resources will continue in the coming years. The MEW will need support to face these challenges. Despite a good environmental legal framework (which includes demanding protection and conservation standards), till date its enforcement has been weak, with poor quality environmental impact assessments, unutilised environmental management ***plans*** and low monitoring capacity. Limitations have been due partly to insufficient human and financial resources and partly to an excessive and partially ineffective “licensing approach”, whereby attention was placed on paper-based administrative compliance rather than on ground reality monitoring. There is hope that ongoing reforms will lead to improvements in environment quality management. Another key aspect will be the dialogue with other sectors and institutions whose goals risk reducing the applicability and effectiveness of environmental policies. For example, coordination will be crucial between the MEW and the Ministry of Rural Development and Land, as they are developing their forestation and ***agriculture*** expansion plans14, respectively, targeting the same areas. Furthermore, in the forest sub-sector, technical and financial support will be needed for communities to manage and benefit from forests under their property. Finally, awareness is low among the population on the importance and benefits of environmental services (as an example, in Bolivia, one third of the population depends on protected areas for their water supplies). Adequate communication to inform the population and engage them in sustainable consumption practices is still missing. 1.2 Other areas of assessment 1.2.1 Fundamental values Bolivia has ratified the main universal treaties and international agreements in the field of human rights. The Constitution and national legal framework provide strong human rights guarantees, including on non-discrimination and fundamental freedoms. In 2013 and 2014 the Government passed new legislation on violence against women, trafficking and sexual violence, family, children and adolescents, and a national ***plan*** to address racism and discrimination. The challenge ahead is the effective implementation of these laws. The 2009 Constitution also provided unprecedented protection of the rights of indigenous people and the Afro-Bolivian minority, but natural resource exploitation on indigenous lands remains a main cause of conflict. The 2015 Supreme Decree 2298 modified the conditions for 12 “Mapa de Deforestación de las Tierras Bajas y Yungas de Bolivia 2000-2005-2010”, FAN 2012 13 2016-20 national Social and Economic Development ***Plan*** 14 Based on the 2015 ***agriculture*** summit “Sembrando Bolivia”, the ***plan*** foresees an increase in ***agriculture*** surface from 3 to 13 million hectares till 2025. [9] consultation with indigenous groups (aligned to the standards set in the International Labour Organization Convention 169) in case of hydrocarbon exploitation activities on their territory, and specifically allowed the competent authority to proceed with the process of obtaining the environmental licence after 45 days, regardless of the realization and outcome of the consultation. The adoption of a law in 2013, imposing a number of new legal requirements for civil society organisations to obtain legal status, was perceived by many as an attempt to restrict and control Bolivia’s broadly-based and active civil society15. Environment organisations have been among the most criticised by the government. Despite the country's legal, regulatory, and institutional framework covers all aspects linked to the enforcement of anti-corruption activities, Bolivia ranks worse than the regional average in terms of corruption, and compared to previous years the situation is deteriorating16. The weak and under-resourced judiciary is vulnerable to political and economic pressures. 1.2.2 Macroeconomic policy According to the IMF, after a decade of substantial economic and social progress, underpinned by sound macroeconomic management, Bolivia is being challenged by low commodity prices. Bolivia recorded strong growth accompanied by a substantial build-up of fiscal and external buffers, and achieved significant reductions in poverty and inequality. However, Bolivia now faces the challenge of adjusting to a scenario of low commodity prices while preserving and building on the economic and social gains achieved in the past. The Central Bank reports a sizable amount of international reserves that equalled almost 31 % of GDP in 2016 (40 % of GDP in 2015), but in an environment where the trade balance continue with growing deficits and an overvalued currency, some forecasts are not as positive as three years ago (i.e growth, total debt, trade balance, NIR, etc.). A 4 % annual inflation rate at end of 2016, a preliminary 6.9 % non-financial public sector fiscal deficit and a non-inflationary GDP growth of 4.3 % were reported. The positive economic context during the last decade has helped in the reduction of moderate and extreme poverty, and inequality. In accordance with the IMF, the Gini coefficient dropped down from 0.62 in 2000 to 0.49 in 2014, while according to the National Institute of Statistics (INE) moderate and extreme poverty rates were reduced from 66 % and 45 % to 38.6 % and 16.8 % in 2015. Bolivia's earnings from hydrocarbons dropped by 41 % in 2015 and 46 % in 201617, erasing the country's 12 years of trade surplus. Oil prices have a delayed effect on natural gas export prices, which explains why Bolivia felt the decrease in commodity prices stepwise. The public sector has been changing at a rapid pace in Bolivia. After 2006 the government reinforced the role of the State, creating a number of new state-owned enterprises (SOEs) and 15 Law n. 351. In May 2015, the United Nations Special Rapporteur on the rights to freedom of peaceful assembly and of association described the law as a restriction on the freedom of association. The Ombudsman appealed to the Constitutional Tribunal, though so far without response. 16 World Bank Governance Indicator 17 Preliminary figure [10] broadening the influence of the government in all areas, especially in those related to economic and productive activities. The exchange regime is a crawling peg and has not been adjusted since November 2011, which turns it into a 'de facto' fixed regime. The local currency is overvalued. Bolivian economy is considered to be a price-taking, small, open economy. Gross public debt is relatively low in Bolivia, representing 43 % of GDP in 2016 with around 19 % corresponding to external debt. The main creditors are multilateral agencies such as the CAF, IADB and the WB. Following the decline in international oil prices, Bolivia faces several challenges that include reducing the non-hydrocarbons primary deficit, improving the business climate, promoting the non-commodity sectors, streamlining expenditures while increasing their efficiency, ensuring the financial health of SOEs, among others. Based on the analysis performed, the review of the latest IMF Article IV mission and updated information gathered from different relevant sources, it is concluded that the government of Bolivia is pursuing a credible and relevant macroeconomic policy, aimed at stability, promoting fiscal and external sustainability. Nevertheless, important challenges need to be addressed in order to adjust to less favourable external environment. 1.2.3 Public Financial Management (PFM) The Bolivian PFM reform responds to the overriding need to strengthen existing financial management systems so that they contribute to a more effective and efficient management of public resources. The 2009 PEFA assessment was the first step towards this objective; the second step was the drafting and the implementation of an Action ***Plan*** for the Improvement of Public Finance Management - PAMGFP (approved in December, 2010). Technically, with 95 % progress, t

he reform ***plan*** already concluded but several activities are still under implementation. All the above will lead to a new cycle which should start with a new PEFA assessment that hopefully can be initiated during 2017. The EU, WB and IADB are willing to support the initiative, but an official request has not been yet received. Some specific developments, among others, should be highlighted, such as:  Significant progress on fiscal transparency (according to the IMF)  Elaboration of the new Comprehensive State ***Planning*** System - SPIE  Development of the new State System of Public Investment and Financing for Development (SEIF-D)  Elaboration of a Debt Management Improvement ***Plan*** based on the WB's DeMPA  Design, development and implementation of the Public Management System (SIGEP)  Elaboration of the new 2016-2020 Economic and Social Development ***Plan*** (PDES)  The implementation of the Medium-Term Macro Fiscal Framework in the budgeting process during 2012 - 2017  The preparation of the National Treasury and Public Credit System Bill, the Tax Reform and regulations, the Public Trust Funds bill and the the Organic Law for the Supreme Audit Institution (CGE)  Key gender priorities are integrated into the PDES and funded under the State budget. However, the related expenditure framework is not public and a gender budgeting [11] exercise (for ***programmes*** others than gender-specific) is not systematically carried out in Bolivia Improvements in public financial management systems have taken the right direction, without significant external resources, which demonstrate the strong commitment the GoB holds with the reform. The Delegation considers that all improvements, strategies and ***plans***, including PAMGFP drawn from the PEFA study, are relevant and credible. It also raises some concerns regarding the willingness of the GoB of a new PEFA assessment that could corroborate all the improvements in the local public finance system since 2009. Bottom-line, Bolivia is making satisfactory progress in improving its PFM system, which needs to be consolidated in the near future. With the above mentioned information, the Delegation considers that the country remains eligible for Sector Reform Contracts (SRC). 1.2.4 Transparency and oversight of the budget Concerning budgetary transparency, the Ministry of Economy and Public Finance regularly publishes on its website the complete state budget approved by law. Annual reports on budget execution of all Nonfinancial Public Sector (NFPS) disaggregated by entity are also available for revision. In addition, monthly cash flow reports of the Treasury are available to the public. On the other hand, the Fiscal Dossier is uploaded in the ministry´s website portraying information related to the central government, state-owned enterprises, public debt, fiscal balances, and sub-national levels. The quality, integrity and exactness of information are sufficient and it is an example of the improvement of management systems of public institutions, especially those of the Ministry of Economy and Public Finances and the Developing ***Planning*** Ministry which coordinates everything concerning the ***programming*** of investments and foreign financing. Thus, the government of Bolivia complies with the requirements concerning the eligibility associated to budget transparency. 2 RISKS AND ASSUMPTIONS Risks Risk level (H/M/L) Mitigating measures Low international gas prices reduce government resources and in turn allocations to the environment sector M Policy dialogue with the Government to maintain key investments in the sector. Support the gov.t in the prioritization of key environmental issues thanks to leverage given by the BS ***programme***. Insufficient capacities at local level to articulate and monitor water and environment ***interventions*** lead to H Adequate selection of implementation areas and complementary technical assistance [12] poor results Social conflicts at local level (including on issues related to indigenous people’s rights) delay or hinder ***programme*** implementation in specific areas M Strong focus of the ***programme*** on governance, policy dialogue with the Government in the field of human/ indigenous rights, and flexibility in the selection of ***programme*** implementation sites Extreme climate conditions and mayor natural disasters divert attention and resources M Incorporation of climate/ disaster risk analysis and mitigation measures in both local level ***planning*** (municipal ***plans***) and investments (feasibility studies); coordination with VIDECI in case of disasters Poor coordination between MEW viceministries and entities significantly decreases efficiency and effectiveness of ***interventions*** M Centralized technical assistance to ease communication and coordination among stakeholders Inadequate implementation tools inhibit performance in the environment sub-sector M Technical assistance to the VMA for the development of tools and a performance assessment framework A gender blind implementation could reinforce existing gender inequalities in the sector and hinder the efficiency and sustainability of the action M Gender awareness training to stakeholders, inclusion of women and women’s organizations in the implementation of the action, introduction of gender-sensitive indicators to assess progress Assumptions - MEW integrated sector ***plan*** and related sub-sector ***plans*** and ***programmes***, currently under development, are ready and actionable. - Political commitment to ongoing ***intervention*** is maintained following 2019 presidential elections. - Hydrocarbon exploration and exploitation, as well as other major ***interventions*** (e.g large hydroelectric plants), do not cause major environmental disasters. [13] 3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES 3.1 Lessons learnt The experience of past and current Sector Budget Support ***programmes*** and ***Programme*** Estimates in the areas of river basins and protected areas management has highlighted the need for further integration between the different sub-sectors under MEW’s responsibility. Currently, there is very limited geographical overlapping between ***interventions*** under the National Watershed ***Plan*** (PNC) and activities of the Environment Vice Ministry. This has limited synergies and the possibility to work on the close link between environment preservation and conservation and the availability and sustainability of water resources. In consideration of decreasing financial contributions from both national budget and international cooperation, investments need to focus in the geographical areas at higher risks and with greater opportunities, as those more affected by natural disasters, the water sources along the sub Andean corridor, and the forest areas with the highest contribution to the national economy. The most successful actions have been those combining different levels of ***intervention***, from central level (policy) to local level (practical implementation), especially in a context where decentralisation is clear in the laws but only partially implemented in practice. The PNC has developed good practices for decentralised implementation under central supervision and assistance. The 2012 evaluation of the first phase of the PNC praised the progress made in terms of ownership of investments in watershed management by community-level organizations and local governments, and the effectiveness of the technical and administrative guidance delivered by national institutions18. The 2017 evaluation of the second phase of the PNC reiterates the relevance of the policy and the need for its expansion. The EU experience in the Poopó basin19 has revealed the challenges and high costs of preserving or restoring water quality in main mining areas, and developed good practices on livelihood diversification for affected communities. The 2014 floods and 2016 drought have showed the need to increase and expand work on river basin management, adapt ***agriculture*** practices, utilise monitoring and early warning systems (EWS), and implement forestation in river protection areas while reducing uncontrolled and illegal deforestation. Thanks to ECHO and other donors’ ***strategic*** investments in the field of disaster risk reduction (DRR), the Government has adopted a new DRR Law20 and municipalities have started to create their Risk Management Units. However, changing from a merely response-oriented system to broader risk reduction will take time and the capacity building process at municipal and departmental level will require additional support. Information management and usage is still weak, with EWS mostly lacking a component of information dissemination and to trigger response21. The PACSBio programme22 has allowed important improvements in terms of protected areas management and biodiversity conservation, and highlighted the need to target protected areas as part of larger ecosystems rather than isolated units. Complementarily, the work of the Danish cooperation in the forest sector has highlighted the need to focus not only on long term forest protection but also on the most pressing causes of deforestation as ***agriculture*** and 18 Vuurmans, J., P. de Vries y R.Gutierrez, 2012. Evaluación final PNC1. 19 ***Programme*** Estimates DCI/ALA/2009/021-614 20 Law n 602, adopted in October 2014 21 ECHO Integrated Analysis Framework for Bolivia, 2016, and VIDECI “Documento Pais Bolivia”, 2014 22 Support ***Programme*** for the Sustainable Conservation of Biodiversity, DCI/ALA/2011/022-834 [14] livestock activities. Till date, government-funded reforestation actions have been limited in size and quality, underestimating the importance of proper site ***planning*** and technical support to the beneficiary communities. Finally, the current frequency and criticality of conflicts over natural resources is an indicator of the importance of civil society engagement, through both education / communication actions and participatory ***planning***. In this context, participation of all individuals – men, women, young and elderly – shall be strengthened. The 2017 EU Gender Analysis revealed that, while formal participation takes place as foreseen in the sectorial policy, specific actions targeting women concerns and needs are still limited. Specific measures shall therefore be identified to fulfil the above-mentioned gaps. 3.2 Complementarity, synergy and donor coordination Further to supporting the integration of the water and environment subsectors of the MEW, a number of complementarities and synergies can be identified between this action and the following ***programmes*** funded by the EU:  ECHO’s ***interventions*** on disaster risk management: important lessons can be learnt from past projects in drought-affected areas and the presence of ECHO partners in the flood-affected low lands can assist ***intervention*** design at local level. The DRR capacity building project funded by ECHO is a building stone for the governance and investment components of this action.  Other EU Delegation’s budget support ***programmes***: the proposed action may have a geographical overlapping with the food security and integrated development with coca ***programmes***, generating positive mutual reinforcement effects. Coordination and complementarities will be sought, as it has already been the practice with PACSBio ***programme***. Additional synergies could be identified with future ***interventions*** in the sector of sanitation – new budget support ***programme*** being designed in 2017. The action will also allow to address increasing environmental issues in the Poopó Lake basin, which has been object of various EU ***programmes*** in the past years.  The 2016 call for proposal for Civil Society Organisations (lot 1) and Local Authorities (lot 2)23 with a focus on civil society participation to national policy making and monitoring, and sub-national level governance and ***planning*** for the use of natural resources (territorial approach) respectively. Besides reinforcing each other, it is foreseen that an exchange of experiences and good practices will be possible between this action and the projects which resulted from the call for proposals, of which one is focused on making government ***programmes*** and budget more gender-sensitive.  EU-funded and UNDP-implemented project on conflict management24: the project aims to strengthen MEW’s capacities in conflict prevention, analysis and resolution, thus contributing to the governance and communication components of this proposed action. Moreover, the project will specifically target some of the areas identified as priority for the proposed action: the Lake Titicaca basin, the Lake Poopó basin and the Tunari national park. 23 Call for Proposals EuropeAid/151790/DD/ACT/BO 24 IFS project 358-830 [15]  Regional ***programmes*** LAIF and INPANDES25: both ***programmes*** are currently funding studies and small-scale ***interventions*** in the Lake Titicaca basin.  Global ***programmes*** EUROCLIMA+ and Biodiversity for Life: should projects be funded in Bolivia under the thematic areas of forests, biodiversity and disaster risk management, these global and regional ***programmes*** and the proposed action would complement each other by focusing on different geographical areas, reinforcing results and targeting different types of actors, while working along the same lines and with the same overarching objectives.  Upcoming technical assistance ***programme*** to the MEW (under Decision DCI-ALA/2013/025-058): technical assistance will be key to the achievement of the proposed action results, particularly the sub-sectors integration process and the capacity building at local level. The objective of the new TA ***programme*** is to contribute to a more effective sector policy funded through sector budget support, by strengthening the Ministry’s capacity to design and implement sector strategies and ***programmes***. The new TA ***programme*** is expected to begin in September 2017 (offer evaluation ongoing as of June).  ***Programme*** for the Environmental Sanitation of Lake Titicaca: one of the MEW’s flagship initiatives, this ***programme*** is mostly funded through a loan from the Inter-American Development Bank (IDB). The proposed action is expected to reinforce the effectiveness of the ***programme*** by contributing to its governance and monitoring components. Additional funds from IDB or other donors may be leveraged thanks to this Action.  Potential future ***intervention*** of the European Investment Bank in forestry sector: should negotiations between the Bank and the Government of Bolivia be successful, European institutions may become the main donor to the sector in Bolivia. Complementarities and synergies with other donors and actors will be sought through continuous engagement in the existing donor coordination mechanisms. Under the Joint European Strategy for Bolivia, seven Member States (Belgium, Denmark, France, Germany, Italy, Spain, and Sweden) are involved in the water and environment sector, as well as Switzerland. Ad-hoc meetings are called to coordinate joint European positions if needed vis-a-vis larger donor groups. The Delegation takes part to the PNC and the environment and climate change donor groups. The PNC platform is one of the most effective donors' coordination mechanisms in the country, whose role has been key at crucial times of development of the subsector policy as well as for evaluations and policy reviews. Currently, Belgium, Sweden, Switzerland, Germany are supporting the sector via a basket fund completely aligned to our support through a common Performance Assessment Framework. Individual ***programmes*** by the World Bank and France are also aligning to national priorities and ***plans***. Together with the EU contribution, these financial allocations allow the resourcing of the Vice Ministry of Water Resources’ ***plan*** at 75 % till 2020. Within the environment group, maximum coordination has been sought particularly with Denmark and Switzerland, the two countries with the most significant ***interventions*** in this field. Donors´ financial support to the environment subsector saw a reduction in the last 3 years due to progressive withdrawal from the country; currently minor contributions come from Germany and the UN system. The MEW ***plans*** to use EU funds also to leverage resources from multilateral funds such as the Global Environment Facility and the Green Climate Fund, which may contribute to mitigate potential lower government allocations to the sector due to reduced hydrocarbons related revenues. 25 DCI/ALA/2013/319-515 and DCI/ALA/2011/022-123, respectively [16] 3.3 Cross-cutting issues Governance (at local level), environment and climate change are targeted as main and significant objectives of this action. Based on lessons from previous experiences, strengthening of governance will be promoted with particular attention to the weaker sub-national level institutions. Both mitigation and adaptation to climate change will be pursued through actions in water and forestry, while a disaster risk management approach is expected to contribute to increasing people and systems resilience. Human rights considerations are embedded in the Bolivian sector policy, which recognises and internationally promotes the right of all human being to water. Considering that the different roles and responsibilities of women and men in water resources use and management are closely linked to environmental changes and water-related risks, an in-depth gender analysis has been carried out at the formulation stage. Based on the recommendations of the study, gender ***planning*** will be considered and female participation will be promoted in all decision-making bodies and in investment projects resulting in tangible economic benefits for women. Specifically, the Action will contribute to promote equal access and control over clean water, and equitable engagement in its management26, through both mainstreaming of gender considerations in local level investment ***planning*** (as already foreseen in the national policy guidelines) and specific actions aimed at piloting approaches for effective women participation (indicator 5). Moreover, the ***programme*** will support the recovery and use of local knowledge and solutions, where gender and age perspectives are included through a mixed composition of the responsible government teams (indicator 5). Access to information and participation of local population, and especially vulnerable groups such as disabled people, will be promoted to the extent possible, in line with the EU right-based approach. 4 DESCRIPTION OF THE ACTION This action takes place in the framework provided by the MIP 2017-2020 for Bolivia, focal area 3 'Water, sanitation and natural resource management'. It will support the implementation of the new Integrated Sector ***Plan*** of the MEW, the PSDI, which was formally approved at the end of January 2017. Specifically, the ***programme*** will support the PSDI components related to water governance, integrated basin management and disaster risk reduction (already included in the National Basins ***Plan***), reforestation/ regeneration, protection of key areas (such as national parks), community-based forestry and sustainable use of biodiversity. Monitoring, women's participation and sensitization/ education actions will be additional horizontal themes. 4.1 Objectives/results This ***programme*** is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG targets 6 (“Ensure access to water and sanitation for all”) and 15 (“Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss”), but also promotes progress towards Goals 5 (gender equality), 12 (“Ensure sustainable consumption and production patterns”) and 13 (“Take urgent action to combat 26 Objective n. 16 of the EU Gender Action ***Plan*** II [17] climate change and is impacts”). This does not imply a commitment by the country benefiting from this ***programme***. General objective To improve sustainable and climate-resilient management of natural resources, including forests and their biodiversity, ensuring availability of quality water and the protection of critical ecosystems (MIP 2017-20, sector 3, SO2). Specific objective To improve water governance and management of water-related risks, integrated forest management, and protection and sustainable use of critical ecosystems (MIP 2017-20, sector 3, ERs 2 and 3). Expected Results ER1: improved governance of natural resources at local level ER2: increased climate resilience to water-related natural disasters in selected areas ER3: continued investment for protection and sustainable use and management of natural resource, leading to climate change mitigation and adaptation and biodiversity preservation ER4: functioning monitoring systems for water quality, forest and protected areas ER5: increased knowledge and improved practices of the general population in relation to water and environment 4.2 Main activities 4.2.1 Budget support The main activities to implement the budget support package are policy dialogue, financial transfer, performance assessment and reporting. Additional activities related to capacity development will be undertaken under a separate technical assistance ***programmes***, funded under the Financing Agreement DCI-ALA/2013/025-058. Main activities will include: - Transfer of up to EUR 51 million over the period 2017-2021; - Continued policy dialogue with the Government with a particular focus on areas reflected in the ***programme***'s objectives; - Policy dialogue with sector institutions to advance in achieving gender equality within sectoral ***interventions***, and to follow a rights-based approach; - Regular monitoring of progress towards expected results and other budget support eligibility criteria; - Coordination with the donors in the water and environment and climate change sector, and particularly the related working group under the Joint European Strategy, in order to avoid duplication of activities, identify potential synergies and relieving the Government from multiple reporting duties; - Continued effort to reinforce Government's capacities in the context of complementary support ***programmes***. [18] 4.3 ***Intervention*** logic The action focuses on renewable natural resources. Water availability and environment protection are closely linked and interdependent. Water provision is one of the main environmental functions played by forests, together with soil conservation, climate regulation and air purification. Similarly, water management actions can not only be effective if they target the elements of water, soil and forest jointly, thus including soil recuperation, ***planning*** of land use and forest coverage into the ***programming***. This action aims to improve year round availability and quality of water by protecting its main sources, sustainably managing and/or restoring its physical spaces (basins) and regulating its uses, and to benefit communities through the sustainable use of natural resources and biodiversity (e.g of non-timber forest products of the protected areas) and equitable gain sharing with appropriate governance mechanisms. As specific to the modality of budget support, the EU inputs will be in terms of financial contributions (yearly disbursements based on performance) and technical advice through both policy dialogue conducted by the Delegation’s own staff and contracted support (through a complementary technical assistance ***programme***). The expected direct outputs of these inputs are the increased financing of the sector, better quality of the public policy and enhanced coordination among actors of the sector. In the ***programme***’s ***intervention*** logic, it is expected that the MEW will manage its financial and technical resources to improve sector governance, sub-national level capacities, sustainable management of its natural resources, water quality in key basins, resilience to climate risks and information management – corresponding to the ***programme***’s induced outputs – and through them, achieve the specific and overall objectives. The ***programme*** components, corresponding to its expected results, will focus on the geographical areas offering the most needed environmental services: the main water sources of the country and the areas with highest forest coverage capturing carbon. The Andean corridor (also affected by significant soil erosion processes) is the place of origin of the main country’s rivers, while in the highlands water needs are met through wetlands. Most of the latter – including Lake Titicaca and Lake Poopó – are also identified as biodiversity hotspots and included in the RAMSAR Convention. The forested areas of the lowlands act as Bolivia’s lungs and are the most vulnerable vis-a-vis the development agenda. In the context of climate change adaptation, the zones most affected by natural disasters will also be targeted with locally-adapted resilience actions. Water basins, forests and protected areas will be considered in their relation with needs of the population, namely assessing the specific needs of women and men, and economic activities, as part of functioning ecosystems (or “life zones” as per Bolivian definition) to be managed at local level in line with a territorial approach. Efforts will be made to maximise benefits to the most disadvantaged groups, including women, in line with the overall Bolivian government’s objective of reducing poverty levels. 5 IMPLEMENTATION 5.1 Financing agreement In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Budget Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012. [19] 5.2 Indicative implementation period The indicative operational implementation period of this action, during which the activities described in section 4.12 will be carried out and the corresponding contracts and agreements implemented, is 48 months (plus 24 months for closure) from the date where financing agreement is concluded. Extensions of the implementation period may be agreed by the Commission’s authorising officer by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute Budget technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014. 5.3 Implementation of the budget support component 5.3.1 Rationale for the amounts allocated to budget support The amount allocated for budget support component is EUR 51 million. This is in line with the support offered by the EU to Bolivia in the past eight years in the field of river basin management and environment and represents 7 % of the estimated budget for the implementation of environment and basin-related actions under the PSDI. This represents a relative reduction27, mainly due to the ambitiousness of the sector ***plan***, requiring significant financial resources, and the increasing financial responsibility of the Bolivian government. No amount is allocated for complementary support as this is foreseen under a separate action and Financing Agreement (ref section 4 – complementarities). The proposed amount includes a fixed tranche (to be disbursed at the end of 2017 after signature of the FA) and three variable tranches (in 2019-21). Based on this timing the only overlap with ongoing ***programmes*** would be between the fixed tranche of the proposed action and the last variable tranche of the FA 025-046 in support to the National Basin ***Plan***. Given the greater scope of this new action, this is not considered a problem. Conditions and indicators are designed as to avoid double financing of specific results/actions. The timing of the variable tranches (starting in 2019) will also allow the MEW to recalculate the baselines for the proposed indicators. As per geographical areas, the coverage of the new ***programme*** is expected to be national as in the case of previous budget support ***programmes***, although the analysis of government ***plans*** already indicates some priority areas such as the Poopó and Titicaca lake basins, and Amboró and Tunari national parks, which have also been object of EU support in the previous years. 5.3.2 Criteria for disbursement of budget support a) The general conditions for disbursement of all tranches are as follows: - Satisfactory progress in the implementation of the relevant public policy (the PSDI) and continued credibility and relevance thereof. Particular emphasis will be placed on: the coordination for the design and implementation of integrated actions by VRHR and VMA; the implementation of the capacity building ***plan***; and coordination for policy coherence with Ministry of Rural Development and Land, Ministry of Mining, and Ministry of Energy; 27 Budget support operations in the sub-sector of water resource management have contributed 21% to the PNC budget for 2013-8, while the PACSBio ***programme*** was covering up to 60% of SERNAP’s financial needs. [20] - Satisfactory progress in the maintenance of stable macroeconomic-oriented policies; - Satisfactory progress in the implementation of its ***program*** to improve public financial management; - Continued satisfactory public availability of timely, comprehensive and sound budgetary information. b) The specific conditions for disbursement of the variable tranches are related to the level of achievement of the performance indicators: ***Programme*** results Indicators ER1: improved governance of natural resources at local level Hydric and environmental governance in zonas de vida index Environmental performance index of hydrocarbon activities in protected areas Cumulative number of municipalities with adequate capacity for water and environment management ER2: increased climate resilience to water-related natural disasters in selected areas Cumulative number of municipalities with a functioning hydrological early warning system Cumulative number of hectares of areas protected against floods ER3: continued investment for protection and sustainable use and management of natural resource, leading to climate change mitigation and adaptation and biodiversity preservation Deforestation control and integrated fire management indexes Number of zonas de vida with integrated water management, forest and/or biodiversity conservation actions Number of sustainable management modalities which achieved the agreed target (including soil conservation measures) Index of implementation and financing of sector ***programmes*** ER4: functioning monitoring systems for water quality, forest and protected areas Water quality management index Index of implementation of a national information and monitoring system for water and environment ER5: increased knowledge and improved practices of the general population in relation to water and environment Number of actions for the recovery of local knowledge for solidary and equitable management of sistemas de vidas [21] Each indicator is described in details in Annex 1 of the Technical and Administrative Procedures – “Performance Indicators for Disbursement”. Additional impact-related indicators (such as those included in the AD logical framework) will be monitored through the annual Government reports on the sector policy implementation. It shall be noted that gender-specific actions and targets are foreseen under indicator 5, through the sub-indicators “number of gender analysis” and “number of projects with gender focus” – please refer to Annex 1 of the TAPs. The performance targets and indicators to be used for disbursements will apply for the duration of the ***programme***. However, in duly justified circumstances, the MEW may submit a request to the Commission for the targets and indicators to be changed. The changes agreed to the targets and indicators may be authorised by exchange of letters between the two parties. In case of a significant deterioration of fundamental values, budget support disbursements may be formally suspended, temporarily suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement. 5.3.3 Budget support details Budget support will be provided as direct untargeted budget support to the national Treasury. The crediting of the euro transfers disbursed into Bolivian pesos will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement. 5.4 Implementation modalities It does not apply as there is no complementary support. 5.5 Scope of geographical eligibility for procurement and grants It does not apply as no procurement or grant contracts are foreseen. 5.6 Indicative budget EU contribution (amount in EUR) Indicative third party contribution, in currency identified 5.3 Budget support - Sector Reform Contract 51 000 000 - 5.9–Evaluation, 5.10 – Audit - N.A Contingencies - N.A Totals 51 000 000 - [22] 5.7 Organisational set-up and responsibilities The implementing partner of the action will be the Government of Bolivia, and specifically the MEW, VRHR and VMA. The MEW may sign inter-governmental agreements with departments, municipalities and specialised entities for delegating implementation responsibilities. Overall action coordination, monitoring and reporting duties will lay with the ***Planning*** Department of MEW. 5.8 Performance monitoring and reporting The disbursement of the tranches will depend on compliance with the eligibility criteria mentioned under section 5.3.2 For each of the mentioned indicators, the baseline will be defined by the Government – Ministry of Environment and Water, with information available from national statistics as well as the Ministry’s own information management system. Moreover, the national policy’s Performance Assessment Frameworks will enable the ***strategic*** monitoring of sector policy in conjunction with the government of Bolivia and donors, a process already ongoing within the PNC framework and to be agreed upon for the overall sector policy. Performance assessment exercises are expected to take place yearly with a review of results achieved in Y-1. Institutional and capacity assessments will be part of the Delegation’s policy progress reports, and policy dialogue issues will be reported as part of BS disbursement dossiers. The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner’s responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate annual progress reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the list of result indicators. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation. The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews). 5.9 Evaluation Having regard to the nature of the action (budget support), evaluations may be carried out for this action or its components through a joint mission with the partner country. The Commission may, during implementation, decide to undertake an evaluation for duly justified reasons either on its own decision or on the initiative of the partner. The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner [23] country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project. 5.10 Audit Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements. 5.11 Communication and visibility Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility ***Plan*** of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6above In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements. The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility ***Plan*** of the Action and the appropriate contractual obligations. No specific contracts for communication and visibility are foreseen under this action. The Delegation will conclude a contract under another decision for communication and visibility of its overall portfolio of operations in Bolivia.

**Load-Date:** September 7, 2017

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[***Marina Sturdza, Romanian Princess and Humanitarian, Dies at 73***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PT5-KRT1-JC85-N1FC-00000-00&context=1516831)

The New York Times - International Edition

October 24, 2017 Tuesday

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**Section:** OBITUARIES

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**Byline:** SAM ROBERTS

**Body**

**ABSTRACT**

She and her family fled the Communist takeover after World War II. When she returned in the 1990s, she supported child protection and palliative care.

**FULL TEXT**

Marina Sturdza, who fled Romania as a 3-year-old princess and returned after its repressive Communist government was routed to become one of her country's leading humanitarians, died on Sunday at her home in Manhattan. She was 73.

The cause was cancer, her stepdaughter, Lynn Harvey, said.

A would-be diplomat and former journalist, Ms. Sturdza ended her self-imposed exile in Canada and the United States in the mid-1990s, several years after the Communist dictator Nicolae Ceausescu was deposed. She then became fully engaged in promoting foreign investment in Romania and supporting child protection and palliative care ***programs*** there.

She was a patron of Hope and Homes for Children, Hospices of Hope Casa Sperantei, FARA Romania and other causes. She also served on the board of Pro Patrimonio, a foundation devoted to preserving historic architecture, including Romania's wooden churches.

She received the European Union's Women of Achievement Humanitarian Award in 2005.

Her parents belonged to Romania's historic reigning families, but her early years were far from a royal fairy tale.

Marina Nicole Sturdza was born on April 25, 1944, in Brasov, in the Transylvania region, to Romanian aristocrats, Ion Sturdza and the former Ioana Soutzo.

They divorced when Marina was an infant. Her mother's second marriage, to a Romanian industrialist, Dumitru Bragadiru, also ended in divorce. Her mother later married Richard Sankey Malone, who died in 1985.

Romania endured tumultuous political shifts in the 1930s and '40s. A fascist government allied with Nazi Germany was toppled in a coup in August 1944 by King Michael. He was forced to abdicate in 1947 after Soviet-occupied Romania held elections, which solidified control by the Communists, who began purging aristocrats and other dissenters.

Following the Communist takeover, Ms. Sturdza's parents fled Romania in 1948 under assumed names. Marina remained briefly with her grandmother, who helped her flee separately by placing her on a train; the girl had been sedated so that she would not betray her nationality by speaking Romanian. She was belatedly met near the border by a diplomat and finally reunited with her parents in Zurich.

The family lived in Switzerland, France and Italy until they immigrated to Canada under an ***agricultural*** ***program***. Her stepfather was put to work on a pig farm near Alberta, and Marina was assigned to a one-room schoolhouse. After about eight months, the family moved to Toronto.

In 1970 Ms. Sturdza married Denis Harvey, a journalist who went on to become editor in chief of The Toronto Star. Their marriage ended in divorce.

Ms. Sturdza became a journalist herself, covering fashion and culture as a columnist for The Globe and Mail and The Toronto Star. She later worked briefly for the designer Oscar de la Renta in New York before being hired as a marketing manager in Geneva for a United Nations Children's Fund greeting card ***program***.

She returned to Romania for the first time in the early 1990s with an aunt, Ioana Ertegun, an interior designer who is known as Mica and who was the wife of Ahmet Ertegun, president of Atlantic Records. Ms. Ertegun was supporting the World Monuments Fund's restoration of the Brancusi Monument to World War I soldiers in Targu Jui, in southwestern Romania.

In 1997, Ms. Sturdza helped organize a business summit convened by The International Herald Tribune that was described as the first such economic development initiative in Romania.

At her death, she was president of Marina Sturdza Enterprises and Summits International, corporate ***strategic*** ***planning*** consultancies that specialize in Eastern Europe.

In addition to her stepdaughter, a television ***producer*** in the United States and Canada, her survivors include two step-grandchildren.

**Load-Date:** October 25, 2017

**End of Document**



[***Speech of Prime Minister Bakytzhan Sagintayev at the expanded meeting of the Government of the Republic of Kazakhstan of 09/02/2018***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RKY-VR81-F19S-P0PX-00000-00&context=1516831)

Emerging Markets Brokers Reports - Russia

February 9, 2018 Friday 4:45 PM EEST

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**Body**

Today Ukimet Uyi hosted an extended Government meeting with the participation of the Head of State Nursultan Nazarbayev. Prime Minister of the Republic of Kazakhstan Bakytzhan Sagintayev delivered a report on the results of work for 2017 and tasks for 2018.

Esteemed Nursultan Abishevich!

For the last 10 years Kazakhstan has been developing under the pressure of external shocks and global turbulence. These are difficult times for rapid and dramatic changes. Nevertheless, our country has avoided dramatic scenarios only thanks to your timely decisions.

The response to the global financial crisis of 2007-2009 was the ***program*** for forced innovative industrialization, the second five-year ***plan*** of which we are now implementing.

Amid the external shocks of 2014-2015 you initiated the large-scale ***plan*** of infrastructural development - Nurly Zhol. In order to strengthen the state and implement the "Strategy-2050" in the global reality, you, esteemed Nursultan Abishevich, put forward five institutional reforms and the ***Plan*** of the Nation "100 concrete steps" for their implementation.

At a new stage in the development of the world economy and global changes in early 2017, you announced the course of the Third Modernization of Kazakhstan, setting clear goals for renewal in the political, economic and spiritual spheres.

Of fundamental importance is your ***program*** article "Rukhani Zhanghyru", as the formation of new generations of Kazakhstanis with modern thinking is the decisive factor of the country's competitiveness in the 21st century. Successful implementation of your new Address on the Fourth Industrial Revolution will place Kazakhstan among developed countries, solving the most complex issues of the world's advanced agenda.

Esteemed Nursultan Abishevich!

You always foresaw the challenges ahead. You have been in advance giving the Government and Akims ***strategic*** policies and instructions. Thanks to your formula "crisis as a chance," Kazakhstan always mobilized in difficult times and came out of trials strong, with new ***plans*** and confidently looking ahead.

It was the implementation of your decisions that made it possible to achieve concrete results last year.

The main of them are:

The economy has reached a stable development trajectory, which is confirmed by international rating agencies, which give the country a stable forecast.

GDP growth is 4%. 60% of growth was achieved due to non-primary sectors. This is a fundamental moment, because it shows the stability of the economy and the change in its structure.

Foreign trade turnover increased 25% to 69.5 billion USD. Investments in fixed assets increased 5.5%, including private investments - by 6.9%.

The macroeconomic situation improved. Inflation was reduced to 7.1%. The sustainability of public finances is maintained at a safe level. The national debt does not exceed 26% of GDP. Incomes to the National Budget grew 26.3%.

All social obligations of the state have been fully implemented. On your instructions, basic social benefits have been increased. The amount of labor pensions has been raised to 20%, lump-sum birth allowances - by 27%. The unemployment rate is 4.9%.

This year's significant international event was the exhibition "EXPO-2017 - Energy of the Future", which was visited by almost 4 million people. The exhibition had a great multiplier effect on the development of small and medium business, trade, promotion of green technologies.

Thus, the ***Plan*** of the Nation and all the ***programs*** worked. I will discuss in more detail the most significant of their impacts on the economy.

The ***Plan*** of the Nation "100 concrete steps" is given special attention by the Government. Over three years of its implementation, 74 laws and more than 500 normative legal acts have been adopted, which all meet the tasks of the new stage of state construction. Since the execution of the ***Plan***, 55 steps have been completed in total.

The first reform is the formation of a professional state machine. The transition to a career model of civil service gave equal opportunities to employees in advancing on the career ladder. Comprehensive certification of civil servants was carried out. A new system of labor remuneration based on work results is being tested.

The second reform is to ensure the rule of law. We have transitioned from a five-tiered justice system to a three-tier system, which ensures the timeliness of the protection of the rights of citizens and business.

The degree of requirements for the judiciary has been increased, and their accountability has been strengthened. We have created legal proceedings on investment disputes, the International Arbitration Center of the AIFC.

A local police service and community councils have been set up to look into complaints from citizens about police actions.

The third reform is industrialization and economic growth, based on diversification. The antimonopoly legislation is harmonized with the OECD standards. In the construction industry - the process of obtaining permits has been reduced, Eurocodes are introduced, obsolete SNIPs have been abolished. The new Code "On Subsoil and Subsoil Use" has been adopted. The implementation of the BAKAD project has begun. The Astana International Financial Center was established.

A new Labor Code has been adopted. Targeted social assistance has been improved. A single benefit for low-income families has been introduced. New Tax and Customs Codes entered into force. The tax reform will increase revenues to the budget in 2018 by 90 billion tenge, and in the three-year budget - by 300 billion tenge.

The fourth reform is identity and unity. The Assembly of People of Kazakhstan has been institutionally strengthened. New means of upward social mobility for young people have been created. Work has been done to promote the idea of ​​the "Universal Labor Society".

The fifth reform is the formation of an accountable state. An institution of public councils and annual reports to the public has been created. A new model for monitoring and auditing the use of budget funds was introduced.

The law on the development of local self-government is being implemented. The transfer of functions of state bodies to a competitive environment and self-regulating organizations has begun. An "open government" was introduced. The Government for Citizens Corporation provided 64 million services.

All these steps are of crucial importance for the creation of a new economic model and its sustainable development in the long term.

The Industrial-Innovative Development State ***Program*** is the main tool for diversifying and improving the competitiveness of industry.

Since 2010, 1148 new projects have been commissioned for 6 trillion tenge. 107 thousand permanent jobs were created.

There was a transition to upstream manufacturing. The output of new, previously not ***produced*** high-tech goods for export, including locomotives, electric locomotives, passenger cars, cars, mining and oil and gas equipment, has begun.

Significant growth has been achieved in pharmaceutics, automotive, electrical engineering, chemical industry, food production.

As a result, the contribution of the manufacturing sector to industry increased from 31% in 2010 to 40% in 2017. Labor productivity has increased. Each employee is now ***producing*** products in the average amount of 10 thousand USD more.

In 2017, the growth rate of the manufacturing industry reached its five-year maximum of 5.1%. 120 projects for 1.5 trillion tenge of investments were commissioned and 10 thousand permanent jobs were created. We ***plan*** to maintain the same pace this year also.

Exports of non-primary goods grew 22%. The sales geography covered 122 countries. Kazakhstan today exports more than 800 products of the manufacturing sector.

The Government has ramped up major efforts to implement the Digital Kazakhstan ***program*** you initiated. By 2022 all populated areas of the country will be provided with broadband access to the Internet. A ***plan*** has been developed to train and prepare personnel for the digital economy and to enhance digital literacy among the population.

Measures have been developed for the technological re-equipment of basic industries and the introduction of elements of Industry 4.0 at the first 500 industrial enterprises. The creation of model digital factories based on the flagships of our industry - ERG, Kazzinc, ArcelorMittal, Kazakhmys, Kazatomprom - has been started.

Legislative norms have been prepared for the development of e-commerce, the venture finance industry, and the IT industry as a whole. The concept for the development of "smart cities" was approved. By the end of the year pilot projects will be implemented in each region.

Attraction of investments. Due to your personal involvement, during the years of Independence, about 300 billion USD of direct foreign investments were attracted to the country and Kazakhstan is the leader in the region in this regard.

Today, the structure of investment inflows has changed. 25% of foreign investment goes to the manufacturing industry. To non-primary sectors - about 50%. A new wave of foreign investment is entering the country.

Expansion of the Tengiz project with Chevron's 37 billion USD investments has no analogues in the world as of today.

The Government is monitoring the implementation of your agreements with China, Russia, the United States, Japan, South Korea, Iran, Turkey and other countries, to develop production capacity for a total of about 50 billion USD.

The Nurly Zhol State ***Program***. Thanks to the large-scale construction of transport, industrial and social infrastructure, the ***Program*** annually creates at least 100 000 jobs.

Firstly, a modern network of highways has been created.

In 2015-2017, 2000 km of motorways connecting Astana with all regions of the country by ray principle were built. In 2017, construction and reconstruction were carried out on 4000 km of roads. 600 km are open for traffic.

In 2018, more than 500 km of roads will be completed. In accordance with your new Address, special attention will be paid to the development of local roads. The volume of their financing will be brought up to 150 billion tenge, which will improve the quality of life in cities and villages.

Secondly, the railway and aviation infrastructure has been modernized and expanded. In three years, 1376 km of railways have been built, which increased the carrying capacity and speed of transport of goods to new markets.

Reconstruction of runways of the majority of airports and passenger terminals of the country was carried out.  A new railway station and an airport International terminal were built in Astana.

Thirdly, the transit potential of the country as a transport and logistics hub in Central Eurasia is being developed. The construction of the Kazakhstan section of the International Corridor "Western Europe - Western China" has been fully completed. This is 2857 km.

The highway covers more than 240 settlements in 5 regions with a total population of about 5.5 million people, and already shows its impact on economic development. Thus, the freight turnover between the regions increased 2.5 times, transit freight traffic - 3 times. The average annual effect from the project for today is about 180 billion tenge and will grow every year.

New logistics hubs have been built in the East and West of the country, as well as a joint Kazakh-Chinese logistics terminal in the sea port of Lianyungang.

The work on filling the Transcaspian international transport route with cargo flows started, taking into account the completion of the Kars-Akhalkalaki railway section between Turkey and Georgia. As a result, the volume of transit cargo increased 20% to 18 million tonnes. Incomes from transit traffic amounted to 353 billion tenge.

The task is to bring the profit from all types of transit to 5 billion USD and transit up to 2 million containers from China to Europe by 2020.

The Nurly Zher ***Program***. From the first days of Independence, you, Nursultan Abishevich, pay special attention to providing Kazakhstan citizens with high-quality and affordable housing.

During these years, about 130 million m2 of housing were built, providing a million two hundred thousand families with homes. In 2017, a record 11.2 million m2 of housing were commissioned. More than 100 thousand families received new housing.

It is encouraging that now housing construction is dominated by non-state funds - 84%. For every 1 budgetary tenge, 5.4 tenge of private investments were attracted.

Large-scale housing construction has had a multiplicative impact on the construction industry. The volume of production of construction materials amounted to more than 440 billion tenge.

Agribusiness

The effectiveness of state support measures has been increased. 65 types of subsidies have been revised and the coverage of the entities of the agro-industrial complex has been expanded. The volume of AIC support in 2017 increased 18% and amounted to 260 billion tenge.

Agro-processing Roadmaps in the context of regions have been developed. Investments in fixed assets increased 30%.

In 2017, Kazakhstan fully obtained the status of a zone free from foot and mouth disease, which opens up new markets to our livestock products.

Thanks to your personal arrangements with the leaders of China, Uzbekistan, UAE, Saudi Arabia, Iran, the markets of these countries were opened for the export of Kazakhstan products. For example, exports to China alone grew 30%. In total, the export of ***agricultural*** products and products of its processing grew 10%.

As a result of the measures taken, the growth of gross ***agricultural*** output was 2.9%, of food products - more than 4%.

Productive Employment and Entrepreneurship Development ***Program***. Over the first year, it saw participation of more than 570 thousand people, of which 315 thousand were given for permanent jobs, including new jobs for 136 thousand people.

Your order for the introduction of free vocational education for young people has been fulfilled. An additional 21 000 young people began education.

To support private business, decisive deregulation has been carried out, and a new Business Code has been adopted. Permits have been reduced 3 times, inspections - 4 times. Support was provided to 192 000 business entities for a total of 286 billion tenge. Conditions for the development of PPPs have been improved. A total of 160 contracts were concluded for 146 billion tenge.

The measures taken allowed increasing the output of small and medium business by 29%, and the share of SMEs in the economy reached almost 27%.

Esteemed Yelbasy!

Your instructions in the Rukhani Zhanghyru ***program*** provide important ideological support for economic modernization.

 A new educational policy is being developed for youth to upgrade the quality of future Kazakhstani people.

The Action ***Plan*** for gradual transition of the state language to the Latin script till 2025 was prepared.

The list of 800 new textbooks was developed within the framework of the project "New Humanitarian Education". 17 of the world's leading humanitarian textbooks have been translated into Kazakh.

More than 700 measures were implemented in the country within the framework of the project "Tughan Zher", and more than 300 are being implemented. Patrons have provided more than 51 billion tenge of sponsorships.

183 sites of national significance and 520 sites of local importance ​​were identified within the framework of the project "Sacred Places of Kazakhstan". We are shooting 4 films dubbed in 5 languages ​​of the United Nations.

Winners of the project "100 New Faces of Kazakhstan" were defined. You met them in December last year.

The best achievements of our national culture during the years of Independence were selected to be showcased abroad.

Dear Nursultan Abishevich!

These are the main results of the Government's work related to the implementation of ***programs***.

Today, the Government has a specific action ***plan*** for 2018, which is derived from the tasks outlined in your new Address and ***strategic*** documents.

I would like to assure you that the Government will make every effort to fulfill the goals set out to meet your expectations.

Thank you for your attention!

[*www.primeminister.kz*](http://www.primeminister.kz)

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[***Register of Commission documents: COMMISSION STAFF WORKING DOCUMENT INTERIM EVALUATION of Galileo and EGNOS programmes and evaluation of the European GNSS Agency Accompanying the document Report from the Commission to the European Parliament and the Council on the implementation of the Galileo and EGNOS programmes and on the performance of the European GNSS Agency Document date: 2017-10-23 COM\_SWD(2017)0346 SEC documents***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R65-4NS1-F0YC-N1F0-00000-00&context=1516831)

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**Body**

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EN EN EUROPEAN COMMISSION Brussels, 23.10.2017 SWD(2017) 346 final COMMISSION STAFF WORKING DOCUMENT INTERIM EVALUATION of Galileo and EGNOS ***programmes*** and evaluation of the European GNSS Agency Accompanying the document REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL on the implementation of the Galileo and EGNOS ***programmes*** and on the performance of the European GNSS Agency {COM(2017) 616 final} 2 Table of Contents 1. EXECUTIVE SUMMARY ............................................................................................................. 3 2. INTRODUCTION ........................................................................................................................... 5 3. BACKGROUND TO Galileo, EGNOS and GSA ........................................................................... 6 3.1 Key objectives ......................................................................................................................... 6 3.2 Baseline ................................................................................................................................... 9 3.3 Evaluation questions ................................................................................................................ 9 3.4 Method................................................................................................................................... 10 3.4.1 Data collection ............................................................................................................... 10 3.4.2 Challenges and limitations to the interim evaluation .................................................... 11 4. IMPLEMENTATION STATE OF PLAY .................................................................................... 12 5. HOW RELEVANT ARE THE EUROPEAN GNSS ***PROGRAMMES***?...................................... 14 6. HOW EFFECTIVE ARE THE EUROPEAN GNSS ***PROGRAMMES***? ..................................... 14 6.1.1 Galileo Key Performance Indicators ............................................................................. 15 6.1.2 EGNOS Key Performance Indicators ............................................................................ 17 6.1.3 Market Trend Key Performance Indicators ................................................................... 19 7. HOW EFFICIENT ARE THE EUROPEAN GNSS ***PROGRAMMES***? ....................................... 19 7.1.1 EGNOS SPI and CPI ..................................................................................................... 20 7.1.2 Galileo SPI and CPI ...................................................................................................... 21 8. HOW COHERENT ARE THE EUROPEAN GNSS ***PROGRAMMES*** WITH OTHER EU POLICIES? ............................................................................................................................. 23 9. WHAT IS THE EU ADDED VALUE OF THE EUROPEAN GNSS ***PROGRAMMES***?

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EXECUTIVE SUMMARY This Staff Working Document represents the mid-term review of Galileo and EGNOS, the EU satellite navigation ***programmes***, and of the European GNSS Agency (GSA). The EU satellite navigation ***programmes*** were designed to set up the first global satellite navigation system under civilian control and autonomous from other existing systems, reinforce the resilience of the European economic infrastructure, maximise socio-economic benefits and ensure Europe's technical capability regarding complex large scale infrastructures. Together with Copernicus, Galileo and EGNOS form the backbone of a European space policy intended to stimulate innovation and increase the competitiveness of European space industry beyond the limits of the space domain and drive major socio-economic and ***strategic*** benefits across several key industries and markets. The interim evaluation assesses the progress of the Galileo and EGNOS ***programmes*** towards their objectives over the period 2014-2016. It aims to inform stakeholders and public on the status of the ***programmes***, to contribute to improving their implementation and to provide evidence-base for preparing the subsequent ***programming*** period. The interim evaluation finds that the original rationale for EU ***intervention*** in the field of satellite navigation and the objectives and challenges identified at the ***programme*** launch are still highly relevant also in light of current needs of the EU. The EU economy and society are increasingly dependent on satellite navigation applications and services, which makes a potential disruption in the provision of satellite navigation services very costly in terms of revenues to business, and more importantly, in terms of human safety. The EU clearly needs to maintain and operate independent satellite navigation ***programmes***, to secure the availability of those applications and services. Looking at effectiveness, the Galileo and EGNOS ***programmes*** have achieved all the milestones set for the period and progress is being made towards delivering on all ***programme*** implementation objectives set for 2020. The Galileo ***programme*** has recovered the initial delay in the launch of the satellites inherited from the previous period and increased in 2014 with the wrong insertion in orbit of the first two Full Operational Capability (FOC) satellites. In addition, the deployment of the ground segment has been pursued and the initial provision of the Open Service (OS), pilot Public Regulated Service (PRS) and Search and Rescue (SAR) contribution to COSPAS-SARSAT has been declared. The EGNOS service provision was improved, in particular through the declaration of the LPV-200 service and the provision of APV-I service over 98,98% of the targeted area (the EU-28 plus Norway and Switzerland). The next generations of the EGNOS and Galileo systems are being prepared. However, a number of factors may influence the ***programmes***' effectiveness: governance complexity, security and technical aspects' implementation. Looking at efficiency, as of end of 2016, the Galileo and EGNOS ***programmes*** were implemented within the budget limits set by the GNSS Regulation. While some data needed to calculate the Cost and Schedule Performance Indexes requested by the GNSS Regulation to monitor the efficiency of the ***programme*** implementation were not available for Galileo deployment and exploitation, the ***programme*** remains within its budget limits. Implementation of EGNOS exploitation remains well in line with ***planning***. The governance of the ***programmes*** has overall contributed to the efficient implementation and the progress of the ***programmes***. Nevertheless, some limits to full efficiency of the ***programmes*** can be identified. Indeed, the European GNSS ***programmes*** governance is marked by a good transparency of the information flow among the main stakeholders, but this is at the cost of a heavy 4 administrative burden, affecting the efficiency of the ***programmes***. Moreover, the current organisation of responsibilities and control processes is complex and not fully in line with the culture, competencies and structure of the key three governance actors. As for the security governance, the declaration of Galileo Initial Services and the overlap of the deployment and exploitation phases have posed challenges that should be further addressed. In particular, the independence of operation of the organisations (EC, GSA, ESA) responsible for security requirement implementation and verification should be maintained. The Galileo and EGNOS ***programmes*** have a high level of internal coherence and coherence with other EU policies and GNSS systems. Substantial efforts have been undertaken to ensure complementarity between the Horizon 2020 ***programme***, the Navigation Innovation and Support ***Programme*** (NAVISP) and the Fundamental Elements initiative. The ***programmes*** are closely aligned with the Space Strategy for Europe and the Space Industrial Policy communications. Initiatives for Galileo and EGNOS compatibility and interoperability with other GNSS systems have been mainly successful (e.g ITU coordination agreements). The implementation at EU level of the Galileo and EGNOS ***programmes*** by the European Commission has brought a high added value compared to what could be achieved by the Member States at national, regional or local level. The size and complexity of the ***programmes*** require an implementation at EU level, as no viable alternative exists to ensure the appropriate return on investment. The performance of the GSA has been positive in overall. The GSA has successfully achieved important objectives for the progress of Galileo and EGNOS ***programmes*** and for the development of GNSS downstream markets through an effective implementation of both core tasks entrusted directly on the basis of the GNSS Regulation and tasks delegated by the Commission through contractual arrangements. The Agency has achieved most of its activities on time and within budget limits. 5 2. INTRODUCTION This Commission Staff Working Document presents the interim evaluation of the two European Global Navigation Satellite Systems (GNSS) ***programmes***, Galileo and EGNOS, and the evaluation of the European GNSS Agency (GSA). The interim evaluation of the Galileo and EGNOS ***programmes*** is required by Article 34 of the Regulation (EU) No 1285/20131 (‘the GNSS Regulation’), and the evaluation of the European GNSS Agency is required by Article 26 of the Regulation (EU) No 912/20102 (‘the GSA Regulation’). As the GNSS Regulation entrusts the GSA with a key role in the implementation of the European GNSS ***programmes***, the interim evaluation of the ***programmes*** and the evaluation of the Agency are carried out together in line with the Commission's Better Regulation Guidelines3. The interim evaluation is an in-depth evidence-based assessment of the implementation of the Galileo and EGNOS ***programmes*** and of the performance of the European GNSS Agency in the period between 1 January 2014 and 31 December 2016. The evaluation of the implementation of the ***programmes*** concerns the extent to which the objectives of the ***programmes*** were met in terms of results and impacts, of the effectiveness of the use or resources, European added value, continued relevance of the objectives and coherence with other EU policies. The evaluation of the performance of the GSA concerns the Agency's impact, effectiveness, smooth running, working methods, requirements and use of the resources entrusted to the GSA, application of the Agency’s policy on conflicts of interest as well as the independence and autonomy of the Security Accreditation Board (SAB). The interim evaluation aims to inform stakeholders and the public in general on the status of the ***programmes***, to contribute to improve their implementation in the period 2017-2020 and to provide evidence to prepare the next ***programming*** period (beyond 2020). 1 Regulation (EU) No 1285/2013 of the European Parliament and of the Council of 11 December 2013 on the implementation and exploitation of European satellite navigation systems and repealing Council Regulation (EC) No 876/2002 and Regulation (EC) No 683/2008 of the European Parliament and of the Council. JO L 347/1 of 20.12.2013 2 Regulation (EU) No 912/2010 of the European Parliament and of the Council of 22 September 2010 setting up the European GNSS Agency, repealing Council Regulation (EC) No 1321/2004 on the establishment of structures for the management of the European satellite radio navigation ***programmes*** and amending Regulation (EC) No 683/2008 of the European Parliament and of the Council. JO L 276/11 of 20.10.2010 3 European Commission: Better Regulation Guidelines on Evaluation and Fitness Checks. [*http://ec.europa.eu/smart-regulation/guidelines/ug\_chap6\_en.htm*](http://ec.europa.eu/smart-regulation/guidelines/ug_chap6_en.htm) 6 3. BACKGROUND TO GALILEO, EGNOS AND GSA 3.1 Key objectives The European GNSS ***programmes***, Galileo and EGNOS, fully owned by the European Union, are fundamental for both European economy and security. Positioning and timing signals provided by satellite navigation systems are used in many critical areas of European economy such as mobile phone networks, in-car navigation, traffic management, power grid synchronisation or electronic trading. It is estimated that almost 11% of the EU economy is impacted by satellite navigation services4. Therefore, European independence in satellite navigation is a primary driver behind the Galileo and EGNOS ***programmes***. The Galileo and EGNOS ***programmes*** have four ***strategic*** objectives: (1) to guarantee continuous and autonomous access to satellite navigation services for Europe interoperable with other GNSS systems, notably US GPS; (2) to ensure resilience of the European economic infrastructure; (3) to maximise socio-economic benefits for European economy and society; (4) to build Europe’s technical capacity to develop, deploy and operate complex large-scale space infrastructures. Both Galileo and EGNOS have constantly been reaffirmed by the Council of the European Union and the European Parliament as key ***strategic*** ***programmes*** for Europe5. Recently, the Space Strategy for Europe6 confirmed the commitment of the Commission to ensure continuity, sustainability and evolution of the Union’s space ***programmes***. Galileo is the European global navigation satellite system under civilian control, providing a range of positioning, navigation and timing services to users worldwide, compatible and interoperable with other GNSS systems, like GPS. The Galileo ***programme*** was launched in 1999, started its deployment phase in 2014 and its exploitation phase in December 2016, providing three Initial Services: the Open Service (OS), the Public Regulated Service (PRS), and the Search And Rescue (SAR) service. The objective of the Galileo ***programme*** is to complete the deployment of the infrastructure and to reach Full Operational Capability (FOC) by 2020. 4 Analysis of GNSS impact on the EU Economy, November 2016. Study conducted by VVA, GMV, Kontor Qwentes and LS. 5 SEC(2011)1447.Commission Staff Working Paper, Impact Assessment, p.15 6 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. Space Strategy for Europe. COM(2016) 705 final. 26.10.2016 7 Summary Box: Galileo infrastructure, services and implementation phases Galileo infrastructure: • Space segment: generates and transmits Galileo signals with a specific Galileo signal structure, as well as stores and retransmits the navigation message sent by the Control Centres. The space segment is ***planned*** to comprise 30 satellites in total: 24 operational satellites plus 6 spare satellites. • Ground segment: monitors the satellites and their functioning, generates the navigation data to be sent to end users. It is composed of various stations and control centres. • User segment: is composed of Galileo receivers, whose main function is to receive Galileo signals, compute coordinates and provide a very accurate time. Galileo services: • Open Service (OS) is free of charge to the users, providing positioning and synchronisation information intended mainly for high-volume satellite navigation applications for mass-market applications. • Contribution by the means of Galileo OS to integrity-monitoring services aimed at users of safety-of-life applications in compliance with international standards. • Commercial Service (CS) for the development of applications for professional or commercial use by means of improved performance and data with greater added value than those obtained through the OS. • Public Regulated Service (PRS) restricted to government-authorised users, for sensitive applications which require a high level of service continuity. • Search and Rescue (SAR) service to locate people in distress, by detecting distress signals transmitted by beacons and relaying messages to them. This service is Europe's contribution to the international search-and-rescue activities, known as COSPAS-SARSAT. Galileo implementation phases: • 1999-2001: definition phase to design the structure of the system and its elements. • 2002-2013: development phase aimed at reaching In Orbit Validation (IOV) of the Galileo system. It verified and validated the system with four satellites and first ground infrastructure prior to the full deployment of its infrastructure. • 2014-2020: deployment phase aims at completing the infrastructure and reaching Full Operational Capability (FOC) by 2020. This phase is ongoing and it includes the deployment of all 30 satellites and the upgrade of ground infrastructure needed for FOC. • 2016-2020: exploitation phase started in December 2016 and is running in parallel to the deployment phase until 2020. This phase consists of service provision, management and operation of the space, ground and user segments, maintenance of infrastructure and constant update of the system. The European Geostationary Navigation Overlay Service (EGNOS) is the European regional Space-Based Augmentation System (SBAS) used for monitoring and correcting open signals emitted by existing global navigation satellite systems, like GPS or Galileo, over European territory. EGNOS checks the integrity of the information received, and provides an alarm in case the position information is unreliable. This is fundamental for safety critical applications such as flying aircraft. The EGNOS ***programme*** has completed the deployment of its infrastructure and is operational since 2009, providing three services: the Open Service (OS), the Safety-of-Life (SoL) service and the EGNOS Data Access Service (EDAS). 8 Summary Box: EGNOS infrastructure and services EGNOS infrastructure: • Space segment: broadcasts corrections and integrity information for other GNSS (GPS or Galileo) satellites. It is composed of three geostationary satellites over Europe, each of them carrying one communication transponder. • Ground segment: receives signals from the GNSS satellites and corrects the data to send back to the satellite transponders. It is composed of various stations and control centres. • User segment: is composed of EGNOS receivers, which are similar to GPS receivers but equipped with a special software that allows the receiver to lock onto the code used by the EGNOS satellites and compute the EGNOS corrections to the GPS/Galileo signals. EGNOS services: • Open Service (OS): free of charge to users, provides positioning and synchronisation information intended mainly for high-volume satellite navigation applications in the area covered by the EGNOS system such as road-tolling or ***agriculture***. • Safety-of-Life (SoL) service: for safety critical transport applications, such as civil aviation and maritime. It provides enhanced and guaranteed performance and features an integrity warning system. • EGNOS Data Access Service (EDAS): for enhanced applications, it provides terrestrial commercial data service and is offered on a controlled access basis (e.g through Internet or mobile phones). The European Union (EU) is fully financing the Galileo and EGNOS ***programmes*** and is the owner of all assets developed under these ***programmes***. The European Commission (EC), on behalf of the EU, is responsible for the management and the security of both Galileo and EGNOS ***programmes***. The deployment of the Galileo ***programme*** is entrusted to the European Space Agency (ESA). The exploitation of both Galileo and EGNOS is entrusted to the European GNSS Agency (GSA)7, and Working Arrangements were concluded between ESA and the GSA in 2015 and 2016. The key tasks of ESA and the GSA are: • European Space Agency: in charge of design, procurement and deployment of Galileo infrastructure, system operations and signal provision during deployment phases, maintenance of system infrastructure and R&D for the evolution of the systems, technical support to exploitation. • European GNSS Agency: in charge of the system exploitation, operational activities including systems infrastructure management, ensuring security accreditation of the European GNSS systems through the SAB, operation of the Galileo Security Monitoring Centre (GSMC), acting as a competent designated PRS authority, promoting and marketing of the Galileo and EGNOS services. Annex 3 shows the ***intervention*** logic of the European GNSS ***programmes*** for the purpose of this interim evaluation. It describes the links between the problems to be tackled, the needs to be fulfilled, the objectives to be achieved and the expected impacts on European society and economy. 7 In line with the Commission Implementing Decision amended in 2016 and the corresponding Delegation Agreements. 9 3.2 Baseline The baseline for the interim evaluation is the status of the ***programmes*** at the beginning of 2014. The Galileo system was verified and validated in orbit with four satellites and first ground infrastructure (development phase) at the end of 2013. Then, in 2014, the Galileo ***programme*** started the full deployment of its infrastructure, which is expected to be completed by 2020. In parallel to the deployment phase, the exploitation phase with the provision of Galileo Initial Services was expected to start gradually between 2014 and 2015. The progress in the implementation of the Galileo ***programme*** marked a relevant change in the ***programme*** governance. ESA was in charge of Galileo's deployment phase, but with the progress with the deployment of the system and the phasing-in of the exploitation phase, ESA would gradually hand over to the GSA the responsibilities for system maintenance, improvement and R&D activities related to system and infrastructure evolution. These tasks were reflected in Delegation Agreements between EC/GSA and EC/ESA and Working Arrangements between ESA and the GSA that were under preparation at that time. At the end of 2013, the market uptake of Galileo was entrusted to the GSA as a core task. The main objectives for Galileo market uptake in the period 2014-2016 were to implement the EC GNSS Application Action ***Plan***, to elaborate regulatory measures to secure the market uptake of Galileo services, and to manage and monitor Horizon 2020 activities. The EGNOS system was already fully operational at the beginning of 2014. Ensuring the provision of EGNOS services, their evolution and security were the key stakes. Moreover, EGNOS services were expected to be reinforced by the enlargement of the EGNOS coverage in the EU-28 area and beyond. For this purpose, negotiations with neighbouring and third countries were ***planned***. As for EGNOS exploitation phase, the GSA has been in charge of service provision. At the end of 2013, the market uptake of EGNOS had well progressed. More than 70% of receiver models on the market were SBAS capable, with SBAS comprising the American Wide Area Augmentation System (WAAS), EGNOS and the Japanese Multi-functional Satellite Augmentation System (MSAS)8. The GNSS Regulation allocated a financial envelope of EUR 7 071, 73 million for the implementation of the ***programmes*** in the period 2014-2020. This represented a very substantial commitment by the EU, in addition to more than EUR 3 500 million already invested in the previous MFF (2007-2013)9. 3.3 Evaluation questions In line with the 'Better Regulation' guidelines, this interim evaluation addresses questions, which are structured around the five evaluation criteria: • Relevance: assessment of whether the objectives of the European GNSS ***programmes*** are still relevant and how well they still match the current needs and problems; 8 GSA: GNSS Market Report, Issue 3, p.8 9 Communication from the Commission to the European Parliament and the Council concerning the revision of the multiannual financial framework (2007-2013). COM(2009)171 final, 8.4.2009 10 • Effectiveness: how successful European GNSS ***programmes*** have been in achieving or progressing towards their objectives; • Efficiency: the relationship between the resources used by European GNSS ***programmes*** and the benefits they are generating; • Coherence: to what extent the European GNSS ***programmes*** were coherent with other EU policies; • EU added value: assessment of the value resulting from European GNSS ***programmes***. In addition, in line with the GSA Regulation, there are specific questions on the GSA evaluation: assessment of the GSA’s performance and impact. Detailed evaluation questions are provided in Annex 4. 3.4 Method The interim evaluation is based on the comparison of several data sources contextualised with input from the stakeholder consultation. The interim evaluation is based on an evaluation study contracted by the European Commission to an external consultant (PwC France) and support from the Inter-Service Group (ISG) comprising of other Commission services. The preparatory work for the interim evaluation started in July 2016, the ISG validated the terms of reference for an external evaluation study and the external contractor started to work in November 2016. The external consultant elaborated an evaluation framework which contains is structured around the five evaluation criteria (as described in Chapter 3.3 Evaluation Questions), type of data collection and source of the data. This evaluation framework was deemed as appropriate by the ISG to obtain all necessary information to reply to all evaluation questions. 3.4.1 Data collection The stakeholder consultation is primarily based on a stakeholder survey of key actors (policy makers, industry, user associations) carried out by an external contractor during February and March 2017 by two different methods: face-to-face/telephone interviews and targeted consultation by means of web questionnaires. A total of 97 stakeholders were consulted: 71 in direct interviews, 25 via web questionnaires and 2 via written contributions. The face-to-face/telephone interviews method implied direct interactions with selected stakeholders in the form of semi-structured interviews. For these interviews, 12 different interview guidelines were developed, tailored to specific categories of stakeholders. Targeted consultation implied distribution of web questionnaires to a large number of stakeholders. The questions were general so that all types of stakeholders with interest in the ***programmes*** could answer them. In addition to a general questionnaire, a specific questionnaire dedicated to EGNOS civil aviation stakeholders (i.e airports and airlines) was prepared and distributed to collect information on EGNOS service performance. Another source of stakeholders’ input was coming from dedicated meetings on the interim evaluation, for example the GSA Administrative Board on 26 March 2017, the European GNSS ***Programmes*** Committee on 26 April 2017 and a meeting with representatives of the downstream industry on 11 May 2017. 11 For this interim evaluation derogation from the standard open public stakeholder consultation was granted as an online public consultation on the European Space Strategy was conducted earlier in 2016. In this public consultation, specific questions were asked related to market uptake of the services and data generated from Galileo and EGNOS by current and future users, as well as the evolution of these ***programmes*** in the future. The responses to the questions concerning the Galileo and EGNOS ***programme*** have been taken into consideration in the formulation of the answers to the evaluation questions (see Annexes 5 and 6 for more details). The secondary data collection involved reviewing various documents and literature relevant for the evaluation. Among the key data sources of the desk research were the Galileo and EGNOS monitoring reports10, in-depth market analysis carried out by the GSA11, relevant policy papers of the European Parliament and of the European Space Policy Institute, the GSA readiness review carried out by the Commission, together with legal documents12. 3.4.2 Challenges and limitations to the interim evaluation The results presented in the mid-term review are based on solid evidence and are robust. The stakeholder consultation covers the full spectrum of the value chain, with all stakeholder categories represented. Even though some parts of the value chain had a lower number of respondents, it is compensated by the fact that the major players were all interviewed. However, three factors can be identified as limitations in the data collection: 1. Limited feedback from web-questionnaires: Only 25 replies were collected from the online questionnaire. This was linked to the fact that the web-questionnaires circulated during a short period (6 weeks). To compensate the low rate feedback, additional interviews were carried out. 2. Unavailability of earned value management data for the Galileo deployment and exploitation phases: This data is needed to calculate the Schedule Performance Indexes (SPI) and Cost Performance Indexes (CPI). It has not been released by ESA and industry. As only part of the data set was available, it was not possible to calculate the SPI and CPI for the Galileo ***programme***. 3. Benefits of the Galileo ***programme***: the interim evaluation was carried out after three years of the seven years duration of the ***programmes***. While EGNOS is operational and is providing services and tangible benefits for many years, the Galileo ***programme*** has entered into its operational phase only at the end of the evaluation period. Therefore, even if the market uptake of Galileo services is gradually growing, the use of Galileo services will be much more evident after 2-3 years of operations. To provide information on initial benefits of Galileo services, the findings of the GSA market report especially in the area of Galileo-enabled chipsets and devices were used. These limitations were taken into account in formulation of the findings and conclusions. 10 Quarterly and annual reports of the Commission, ESA and the GSA. 11 GNSS Market Reports 2015 and 2017, GNSS User Technology Report. 12 GNSS and GSA Regulations, Commission Implementing Decisions, Delegation Agreements, Working Arrangements, etc. 12 4. IMPLEMENTATION STATE OF PLAY In the last three years, the Galileo ***programme*** made significant progress. In particular, the Galileo ***programme*** has succeeded in the deployment of the space segment with a total of 14 satellites launched in the evaluation period (in addition to the 4 satellites launched in 2011). In 2014 two satellites were launched into an incorrect orbit, which caused that the Galileo launches were put on hold until March 2015. The launch schedule was then accelerated with additional launch in 2016 and the launch of four satellites on the Ariane-5 launcher in November 2016. The procurement of the remaining satellites (to complete the constellation of 24 satellites plus six in orbit spares), ***planned*** for 2016, was postponed to 2017. In parallel, the deployment of the ground segment has continued on track with the deployment of major elements (e.g entry into operation of the Galileo Security Monitoring Centre at the end of 2016). The deployment of the infrastructure allowed for a major step forward in the ***programme*** - the declaration of the Galileo Initial Services in December 2016. With this declaration, Galileo ***programme*** moved into exploitation phase, providing three Initial Services (OS, SAR and PRS). To reinforce Galileo market uptake, important initiatives

were conducted to showcase the benefits of the Galileo services to the downstream industry, such as a conference promoting European Space solutions for sustainable transport held in Prague in June 2014. The EU Space Strategy adopted in October 2016 emphasized the need to reinforce activities aiming at introducing the use of Galileo and EGNOS services in sectorial policies. For instance, the eCall in-vehicle system established in April 2015 will be using Galileo/EGNOS services and thus contribute to the market uptake of Galileo/EGNOS in the automotive sector. Already today, leading GNSS companies representing more than 95% of the GNSS chipset market ***produce*** Galileo-ready chips13. The EGNOS ***programme*** also made significant progress in the period 2014-2016. The EGNOS infrastructure was reinforced with an additional transmitter on the Astra-5B satellite launched in March 2014 and with the deployment of additional ground stations. Also, the EGNOS services were continuously provided over the 98,98% of the EU-28 territory, and even improved in aviation, with the declaration of the new LPV-200 service (Localizer Performance with Vertical Guidance) in September 2015. In addition, the last version of the EGNOS system was qualified and has been operational, allowing for improvement of GPS satellites monitoring. However, the extension of the EGNOS service coverage to the remaining 1.02% of the EU-28 territory remains an objective (eastern part of Cyprus, the Azores, and the northern parts of Norway and Finland). EGNOS market uptake has been proceeding at different paths according to the sectors. One key sector with a large number of EGNOS users is aviation: more than 230 airports in 20 countries are using EGNOS landing approach procedures at the end of 201614. The second key area of EGNOS use is ***agriculture***, to increase efficiency and productivity thanks to precision farming (e.g more precise use of fertilizers or herbicides). In other sectors, such as maritime, transport and rail, the EGNOS market uptake is slower. 13 GSA: GNSS market Report, Issue 5 (2017), p. 7. 14 European GNSS Agency: Summary of Achievements in 2016, p. 6. [*https://www.gsa.europa.eu/sites/default/files/2016\_gsa\_summary\_report.pdf*](https://www.gsa.europa.eu/sites/default/files/2016_gsa_summary_report.pdf) 13 The governance scheme for Galileo and EGNOS has been progressively implemented during the period 2014-2016. Delegation Agreements were concluded between the Commission and ESA on the Galileo deployment phase, and between the Commission and the GSA on Galileo and EGNOS exploitation phases. Working Arrangements between the GSA and ESA for both Galileo and EGNOS ***programmes*** were concluded. The role of the GSA in the operational management of the ***programmes*** has gradually increased. The Commission entrusted budget to ESA and the GSA to carry out the deployment and exploitation tasks set in the Delegation Agreements, through Commission Implementing Decisions (CID) (see table 1 below). Table 1: Overview of the variation of the budget allocated to ESA and the GSA over the period 2014-2016 Entrusted entity Activity Budget allocated under the 2014 CID15 (EUR million) Budget allocated under the 2015 CID16 (EUR million) Budget allocated under the 2016 CID17 (EUR million) Variation (EUR million) ESA Galileo deployment 1 770 1 770 2 485 + 715 GSA Galileo exploitation 490 790 2 400 + 1 910 GSA EGNOS exploitation 1 450 1 450 1 552 + 102 The security governance of the ***programmes*** was reinforced with the Council Decision 2014/496/CFSP that enhanced the process of security threat management under emergency circumstances. Moreover, the Common Minimum Standards for access to the Public Regulated Service were adopted by the Commission in September 2015. In addition, the Galileo Security Monitoring Centre became operational at the end of 2016. 15 Commission Implementing Decision on entrusting budget implementation tasks to the European GNSS Agency and the European Space Agency linked to the deployment and exploitation of the European GNSS Systems (EGNOS and Galileo). C(2014)809/F1. 14.02.2014 16 Commission Implementing Decision on entrusting budget implementation tasks to the European GNSS Agency and the European Space Agency linked to the deployment and exploitation of the European GNSS Systems (EGNOS and Galileo). C(2015) 7898 final. 18.11.2015 17 Commission Implementing Decision on entrusting budget implementation tasks to the European GNSS Agency and the European Space Agency linked to the deployment and exploitation of the European GNSS Systems (EGNOS and Galileo). C(2016) 4321 final. 13.07.2016 14 5. HOW RELEVANT ARE THE EUROPEAN GNSS ***PROGRAMMES***? Ensuring Europe’s autonomy in satellite navigation and maximising socio-economic benefits from Galileo and EGNOS remain key objectives for the EU. The importance of European satellite navigation services for European economy and security are clearly recognised by all stakeholders. The deployment and operations of the Galileo and EGNOS systems need to continue in the future, as outlined in the Space Strategy for Europe. The EU clearly needs to maintain and operate independent satellite navigation ***programmes*** to secure the availability of those applications and services ensuring global coverage, including the circumpolar area. In addition to ensuring Europe’s autonomy in critical technology, satellite navigation services generate socio-economic benefits and contribute to strengthening EU’s science and knowledge base. Compatibility and interoperability with other GNSS systems, in particular with the GPS system, need to be pursued to provide users with greater reliability and precision. 6. HOW EFFECTIVE ARE THE EUROPEAN GNSS ***PROGRAMMES***? 6.1 Galileo infrastructure deployment and services provision The Galileo ***programme*** has achieved its key objective set out for the evaluation period - the system was declared operational and is providing Initial Services. This reassured both industry players to continue investing into Galileo enabled products, and the political stakeholders that Galileo is progressing at good pace toward Full Operational Capability (FOC) (especially with respect to other competing GNSS systems). The Declaration of the Initial Services provided an excellent opportunity to raise awareness about Galileo beyond the space community, thanks to the global outreach. In the evaluation period, the space segment of Galileo was enhanced with 14 additional satellites. This was one of the enablers for the Initial Services declaration. Despite the delays in the launch schedule, the majority of consulted stakeholders have positively perceived the progress of the space segment as a major ***programme*** achievement. Stakeholders indicated a high level of satisfaction concerning the way the ***programme*** has addressed the delays of the launch schedule. Some uncertainties persist about when the ***programme*** would complete launch activities. The procurement of the remaining satellites, ***planned*** to be awarded in 2016, was postponed to 2017. However, the ***programme*** seems to be back on track to meet the 2020 FOC objective. Delays in the deployment schedule were created after two Galileo satellites were launched into an incorrect orbit in August 2014, which generated major difficulties and led to the postponement of the Galileo Initial Services declaration, ***planned*** in 2015, to 2016. The satellites have been repositioned into a more convenient orbit and have been used for the provision of the Galileo Search And Rescue service, but their use for navigation and positioning purposes is subject to ongoing testing. To complete the technical investigation, further launches were then put on hold until March 2015. Since March 2015 however, the launch schedule was accelerated and culminated with the launch of four Galileo satellites together on an Ariane 5 rocket in November 2016, accumulating a two year delay with respect to the ***planned*** target date of end 2014. Usage of Ariane 5 launcher is also seen as a major achievement reached during the evaluation period, especially among the European GNSS committee representatives and upstream industry representatives, who see a great value in utilisation of the European launcher. Indeed, the qualification and utilisation of Ariane 5 is perceived as a positive factor despite the fact that it was delayed by two years. 15 In addition, the progress in the deployment of the ground segment and the entry into operation of the Galileo Security Monitoring Centre (GSMC) were important achievements that were conditional to the provision of the Galileo Initial Services. In particular, the GSMC operations are considered as an important achievement for ensuring the security of the system. 6.1.1 Galileo Key Performance Indicators The key performance indicators related to the Galileo infrastructure deployment and service levels are required by Article 34 (2) of the GNSS Regulation. On 31 December 2016, there were 18 Galileo satellites in orbit. However, not all of them were operational. One satellite has not been usable since May 2014 due to a technical issue. The two satellites launched in August 2014 into an incorrect orbit have been used only for the provision of the SAR service and their use for navigation and positioning purposes was subject to ongoing testing. Also, the last 4 satellites launched in November 2016 were undergoing in-orbit testing. Thus, out of the 18 satellites in orbit, 11 were operational and usable to provide Galileo services since December 2016. Indicator 1: Galileo infrastructure deployment: Cumulative number of operational satellites Baseline 2013 Milestones foreseen Target 2020 2014 2015 2016 4 6 12 16 30 Actual results 3 9 11 Indicator 2: Galileo infrastructure deployment: Ground infrastructure elements availability Baseline Milestones foreseen Target 2020 2014 2015 2016 IOV initial configuration in June 2011 IOV final configuration Ground Segment Version 2.0 System Build 1.5.0 System Build 2.0 Actual results GMS Version 2.1/GCS 2.0 SB 1.5.0 Indicator 3: Galileo services provision: Number of operational services Baseline Milestones foreseen Target 2020 2014 2015 2016 Number of services implemented 0 3 3 5 services Actual results 0 0 3 16 6.2 EGNOS infrastructure deployment and services provision The implementation of the EGNOS ***programme*** progressed well. The declaration of the LPV-200 service in aviation in September 2015 emerged from stakeholder consultation as a major achievement for EGNOS during the evaluation period. Thanks to this declaration, the EGNOS system now provides the highest quality guided approach services available today to airline and aerodrome operators, with an increase in flight and landing safety, and benefits related to the optimization of fuel consumption. Stakeholders using EGNOS expressed an extremely high level of satisfaction concerning the maturity of the EGNOS system and the overall performance of the services. About half of the consulted stakeholders active in the downstream of the EGNOS value chain have expressed a level of satisfaction ranging from good to excellent, about a quarter have considered the service provision as fair, no one has considered the service provision as poor or very poor18. Some Member States (MS) expressed dissatisfaction and concern about the incomplete coverage of EU-28 with EGNOS services. The EGNOS system covers the entirety of the EU Member States, but the quality of the signal is not homogeneous yet. Currently 98,98% of the EU MS, Norway and Switzerland land mass is covered by APV-I (Approach with Vertical Guidance) services. The majority of the MS are covered with a signal enabling the provision of LPV-200 (Localizer Performance with Vertical Guidance) services, while in other MS it has not been possible to declare the services yet. More precisely, the EGNOS services are available mainly in the western and central regions of Europe, while there are some limitations in the northern (e.g Finland), southern (e.g Madeira, Canary Islands, Azores) and eastern (e.g Cyprus, Romania) regions. This is also visible when looking at the distribution map of declared EGNOS based approach procedures in Europe: the majority of the procedures are concentrated in aerodromes in the western and central European regions. Thus, the priority for EGNOS remains to cover the entire territories of EU-28 with EGNOS services. In addition, consulted system users expressed their concerns about the obsolescence and refurbishment of the current version of the EGNOS system, versus the development of the new EGNOS version that will ensure compatibility with the Galileo system and with the changes in the GPS signals ***planned*** for 202619. In the opinion of the consulted stakeholders, the ***programme*** does not properly address the obsolescence of the current EGNOS version and is therefore putting at risk the continuity of the EGNOS operations. Indeed, all efforts are focused on the development of the new EGNOS version, including a new generation of ground stations which are not compatible with the current EGNOS version. This exposes the ***programme*** to risks. In case of a delay in the delivery of the new EGNOS version, the continuation of the EGNOS operations might be jeopardised, either due to the obsolescence of the current ground stations or due to the incompatibility with the Galileo system and the new GPS signal. 18 PwC aggregation of web-questionnaire results 19 According to current baseline, the GPS will discontinue the current signal in 2026, two year after the FOC declaration of GPS L5 ***planned*** in 2024. 17 6.1.2 EGNOS Key Performance Indicators The key performance indicators related to the EGNOS infrastructure deployment and service levels are required by Article 34 (2) of the GNSS Regulation. Indicator 1: Progress of the EGNOS coverage extension versus agreed coverage extension Baseline Milestones foreseen Target 2020 2014 2015 2016 2017 2018 2019 EGNOS Service Evolution ***Plan*** v2.0 established in 201520 n/a Establishment of an updated EU coverage extension ***plan*** for EU-28 in December 2015 Establish EGNOS Service Evolution ***Plan*** v2.0 Report on advancements in coverage Report on advancements in coverage Report on advancements in coverage Report on advancements in coverage Coverage of EU-28 with EGNOS in line with the EGNOS Service Evolution ***Plan*** Actual results n/a EGNOS Service Evolution ***Plan*** v2.0 was established 98.98% coverage of EU28-NO-SW land masses for APV-I Indicator 2: EGNOS service availability index based on the number of airports with EGNOS-based approach procedures with an operational status versus the total number of airports with EGNOS - based approach procedures Baseline Milestones foreseen Target 2020 2014 2015 2016 2017 2018 2019 Service availability index: 100% Total number of airports with EGNOS procedures: 93 (2013) Total number of airports with EGNOS procedures with an operational status: 93 (2014) Maintain the service availability index: 99% Increase the number of airports with EGNOS procedures Maintain the service availability index: 99% Increase the number of airports with EGNOS procedures Maintain the service availability index constantly at least on 99% Actual results Service availability index: 97.72% Total number of airports with EGNOS procedures: Service availability index: 99.9% Total number of airports with EGNOS procedures: 174 Service availability index: > 99% Total number of airports with EGNOS procedures: 230 20 The Service Evolution ***Plan*** (SEP) was agreed between the Commission and GSA and constitutes the baseline for the implementation of the EGNOS mission and security requirements. It defines the extension of EGNOS services over the European territory in terms of their availability which is depicted in a form of ‘availability maps’. 18 132 Total number of airports with operational status: 129 Total number of airports with operational status: 173 Total number of airports with operational status: 230 6.3 Galileo and EGNOS market uptake The European GNSS industry has grown and accounted for 25% of the global GNSS market in 201521. European manufacturers represented the majority of manufacturers for the road and maritime market segments. European system integrators represented the majority of integrators for the maritime, ***agriculture*** and surveying market segments. Although the Galileo ***programme*** is not fully operational yet, it has already generated major benefits in Europe, like the development of navigation, positioning and timing services. The declaration of Galileo Initial Services enabled chipset and receiver manufacturers to start leveraging on more performant GNSS signals. Already today, leading GNSS companies representing more than 95% of the GNSS chipset market ***produce*** Galileo-ready chips. Following widespread adoption in high-precision devices, a number of Galileo-ready devices has already hit the mass market, including smartphones and in-vehicle navigation systems22. Initial Services are the first step towards full operational capability, foreseen in 2020, and more benefits are expected in the next years, with a larger market uptake. The regulatory measures taken by the EU in the automotive sector (eCall and Digital Tachograph) are pushing for adoption of solutions integrating GNSS-based technologies, whilst at the same time ensuring compatibility with Galileo and EGNOS. These regulations are expected to ***produce*** large benefits in the prevention, management and recovery of emergencies. The stakeholder consultation identified a need, for the next phase of the Galileo ***programme***, to shift the focus from the deployment and operation of the infrastructure to the development of downstream and applications. As for EGNOS, major socio-economic benefits have already been ***produced***, especially in three industrial domains with the largest market penetration: aviation, ***agriculture*** and surveying. In other sectors, such as maritime and rail, the GSA has been implementing market penetration roadmaps. However, due to the general inertia to the adoption of new technologies and the existence of alternative ground-based technologies, the market uptake is slower in these sectors. The downstream stakeholder consultation has enabled to identify the need for further initiatives that would increase market penetration and technology adoption. 21 GSA: GNSS Market Report, Issue 5 (2017), p.13 22 GSA: GNSS Market Report, Issue 5 (2017), p.7 19 6.1.3 Market Trend Key Performance Indicators The key performance indicators related to the market levels are required by Article 34 (2) of the GNSS Regulation. Indicator 1: Market share of EU GNSS industry in worldwide GNSS downstream market Baseline23 Milestones foreseen Target 2020 2014 2015 2016 2017 2018 2019 EGNOS present in number of receiver models in 2012 : 63% Galileo present in number of receiver models in 2012: 35% 63% 35% 63% 35% 75% 45% 75% 40%24 78% 42% 82% 44% 85% 70% Actual results 63% 35% 63% 35% 68% 38%25 7. HOW EFFICIENT ARE THE EUROPEAN GNSS ***PROGRAMMES***? 7.1 Funding For the period 2014-2020, the European Union allocated a total budget of EUR 7 071,73 million for the Galileo and EGNOS ***programmes***. This envelope covers ***programme*** management activities, Galileo deployment and exploitation activities, EGNOS exploitation activities and risks associated to these activities. On the evaluation period, some reallocations between budget lines have been carried out. As of end 2016, the Galileo and EGNOS ***programmes*** are on track to respect the budget boundaries set by the GNSS regulation for the period 2014-2020. 7.2 Key Performance Indicators The Schedule Performance Index (SPI) and the Cost Performance Index (CPI), as required by Article 34 (2) of the GNSS Regulation, are monitored based on the Earned Value Management technique, which enables to monitor and forecast project performance based on the scope, the schedule and the cost of the project. The Schedule Performance Index (SPI) measures the schedule efficiency of a project by comparing the Earned Value (EV) to the ***Planned*** Value (PV) of a project. This aims to assess how close a project is to performing 23 The market share indicator is based on the percentage of Galileo and EGNOS receivers in the total number of receiver models worldwide. The baseline for this indicator was established in 2014 and the data is included in the 2014 market report of the European GNSS Agency and will be measured annually. The trend of the production of Galileo and EGNOS enabled model receivers suggests that receiver manufacturers are gradually integrating Galileo and EGNOS into their products and that the milestone target for this indicator is likely to be reached. 24 As the 2016 Galileo milestone value was forecasted back in 2012 to re-adjust the value due to what happen it the meantime. 25 Out of the 417 devices on the market in 2016, 68% were supporting EGNOS and 38% Galileo .In 2016 there were 38 new models launched in the market out of which 82 % were EGNOS capable and 42% Galileo. 20 work as it was scheduled: if SPI>1, then the project is ahead of schedule. The Cost Performance Index (CPI) measures the cost efficiency of a project by comparing the Earned Value (EV) to the Actual Costs (AC) of a project. This aims to assess how close the spending of a project is to what was budgeted for a work performed: if CPI>1, then the project is coming in under the estimated budget. ESA and GSA are required in the Delegation Agreements (Annex: Project Management ***Plan***) to report on a number of indicators, including the SPI and the CPI, that are used to follow up the progress of the Galileo and EGNOS ***programmes***, and to allow for a strong financial control of the ***programmes***. 7.1.1 EGNOS SPI and CPI The Schedule and Cost Performance Indexes for EGNOS exploitation show an implementation well in line with the ***planning***. As the Delegation Agreement on EGNOS with the GSA was signed in April 2014, the reporting of the SPI and CPI started 3 months after, hence in Q3 2014. EGNOS Q3 2014 Q4 2014 Q1 2015 Q2 2015 Q3 2015 Q4 2015 Q1 2016 Q2 2016 Q3 2016 Q4 2016 Schedule Performance Index 1 1 1 1 1 1 1 1 0.94 0.93 Cost Performance Index 1.01 1.02 1.03 1.04 1.04 1.04 1.03 1.03 1.04 1.04 Figure 1: Evolution trend of EGNOS SPI and CPI over the reporting period The schedule efficiency of EGNOS service provision has been excellent from Q3 2014 to Q2 2016 as the project was fully on time. In Q3 2016, a slight decrease is indicated due to a delay in the signature of various Change Contract Notices with respect to the ***planned*** date. The EGNOS cost efficiency was also very positive as the CPI has been above 1 throughout the reporting period, which implies that the total costs for service provision were actually lower than the value of work completed according to the budget assigned each quarter. 0,8 0,9 1 1,1 1,2 Q3 2014 Q4 2014 Q1 2015 Q2 2015 Q3 2015 Q4 2015 Q1 2016 Q2 2016 Q3 2016 Q4 2016 SPI CPI 21 7.1.2 Galileo SPI and CPI The data to calculate the Schedule and Cost Performance Indexes are only partially available, indicating the ***planned*** and actual commitments for Galileo deployment. The remaining data were not provided by ESA and industry. Thus, it is not possible to calculate the SPI and CPI for most cost items of the ***programme***. 7.3 Governance The new European GNSS governance scheme has been progressively implemented during the evaluation period and it has contributed to the efficient implementation and the progress of the Galileo and EGNOS ***programmes*** over the period. All consulted stakeholders have estimated that the new governance scheme has brought more robust management processes, which have contributed to maintain the ***programmes*** within budget boundaries and to mitigate partially risks and the impact of unforeseen events on the ***programmes***. In addition, the new governance scheme is based on a comprehensive set of communication lines and coordination mechanisms between EC, ESA and the GSA, and has thus provided a good flow of information among the governance actors. However, consulted stakeholders have underlined that this was at the cost of administrative burden, affecting the efficiency of the ***programmes***. Indeed, this information-sharing framework has lengthened the decision-making process. Problems were identified for the level of information provided, the structure of reporting and the availability of key indicators. In addition, the good information flow among governance stakeholders has required an important effort in terms of reporting and attendance of meetings. Moreover, the current organisation of responsibilities and control processes in the new governance scheme has often required lengthy discussions among the governance actors, thus affecting the reactivity of the decision-making process. Indeed, the EC has entrusted through Delegation Agreements Galileo and EGNOS ***programmes*** implementation tasks to ESA and the GSA, and shall oversee the execution of these delegated tasks by the agencies. Such control is necessary to ensure the proper ***programmes***' implementation and overall coordination of EU GNSS ***programmes*** with other EU policies, but requires both agencies to perform additional activities to ensure consensus with the EC on the way tasks are executed. Finally, the governance actors play a role that is not necessarily fully in line with their culture, competencies and/or structure. Thus, the consulted stakeholders have recognized that the governance scheme is logically aligned with the evolution of the ***programme*** phases (i.e transition from Galileo deployment to the overlapping deployment/exploitation phases). However, they have expressed strong concerns concerning responsibilities and risk sharing, effort required to monitor the ***programmes***' implementation, and levels of friction among governance actors. As a consequence, the governance scheme is often pointed out as complex and inappropriate for operational ***programmes*** with a service-driven approach such as Galileo and EGNOS. While the revision of the delegation agreements in 2016 has tackled the issues addressed in the previous paragraph at least partially, further alternatives to optimise the ***programme*** governance were discussed. Most of them focused on supporting the scale-up of the GSA through a transfer of responsibilities. This being said, and although the contribution of the governance scheme is difficult to isolate, this new governance scheme has enabled, at least partially, the substantial progress achieved by the ***programmes*** over the period 2014-2016. 22 The security governance scheme, which was set up before the overall European GNSS governance scheme, has also contributed to the efficient implementation and the progress of the ***programmes***. Indeed, all relevant bodies and processes are today up and running, which has allowed the involved actors to fulfil their tasks, ensuring the accreditation of all the deployed elements of the European GNSS systems, the accreditation of the Ariane 5 as a launcher for Galileo satellites, and the accreditation of Galileo Initial Services. These achievements have enabled the subsequent Declaration of Galileo Initial Services in December 2016. However, the implementation of system security requirements still necessitates attention and work. Consulted stakeholders from the Security Accreditation Board (SAB) and the European GNSS ***programmes*** have underlined that the current set-up internal to the main actors of the ***programme*** governance (i.e EC, ESA and the GSA) does not fully ensure independency from the ***programme*** activities. Best practices suggest internal security organisations to report directly to the head of the organisation and have independent access to resources (i.e dedicated personnel). In addition, the security governance shall cope with new security challenges triggered by the declaration of Galileo Initial Services and the initiation of the ***programme*** exploitation phase. First, Galileo has become an operational system and has thus generated the interest for malicious attacks to the infrastructure and to the operations. These threats shall not be underestimated and the infrastructure related to the monitoring of the security of the system, especially the Galileo Security Monitoring Centre (GSMC), needs to be commensurate with these threats. Second, the Declaration of Galileo Initial Services has marked the beginning of the overlap between the Galileo system deployment and exploitation phases. This means that up to 2020, new elements will be added to the system in parallel to the service provision. This needs to be well managed to avoid that the overlap of the two phases would create security issues. From a governance point of view, because ESA will be responsible for the system deployment and the GSA will be responsible for the system operation, the interaction between the two entities will have to be closely monitored by the Commission, to avoid that system deployment leads to security issues. Third, there are some issues related to the independence of the organisations responsible for security requirement implementation and verification: the SAB and the GSMC. The SAB is established under the GSA and works independently with no reporting to the GSA Executive Director. Nevertheless, the Executive Director is responsible for the operation of the GSA and for the allocation of internal resources, including to the SAB. This represents a potential situation of conflict of interest that needs to be addressed. The GSMC is also established under the GSA and, being one of the Agency's core tasks, it is implemented and operated under the responsibility of the GSA Executive Director. Nevertheless, for security issues, the GSMC also reports to entities external to the GSA (e.g HR, EEAS, Commission, Council, national PRS authorities). This reporting should be unbiased from any ***programme*** decisions related to the other responsibilities of the GSA Executive Director (e.g system operations). 23 8. HOW COHERENT ARE THE EUROPEAN GNSS ***PROGRAMMES*** WITH OTHER EU POLICIES? The European GNSS ***programmes*** have shown a high level of internal coherence, both in the governance and in the R&D activities. The new governance scheme has been progressively implemented during the evaluation period (e.g signature of the Delegation Agreements and Working Arrangements). Stakeholders have considered the overlap and duplication of efforts as inherent to this transition period. But the settling of these agreements and the upcoming hand-over process between ESA and the GSA are expected to smooth out the overlap and substantially improve the overall coherence of the governance. Moreover, the R&D activities are overall coherent. There are three different tools supporting GNSS related R&D activities: the EU Horizon 2020 ***programme***, the Fundamental Elements initiative financed under the Galileo and EGNOS ***programmes*** and the ESA Navigation Innovation and Support ***Programme*** (NAVISP). There are limited inconsistencies between them and efforts are made to increase synergies. Galileo and EGNOS have also shown a high level of coherence with other EU policies. Stakeholders knowledgeable about EU policy (e.g Members of the European Parliament, the European GNSS ***programmes*** Committee, and the ***programme*** management) have seen a strong alignment of the European GNSS ***programmes*** with the Space strategy for Europe communication of October 2016 and with the Space Industrial Policy communication of February 2013. Also, alignment with other EU policies has been ensured. The European GNSS ***programmes*** have also made efforts towards coherence with other GNSS systems. During the evaluation period, initiatives for Galileo and EGNOS compatibility and interoperability with other GNSS systems have been mainly fruitful, even though efforts must be maintained to enhance global results. Coordination agreements have been signed with the US Global Positioning System (GPS), the Indian Regional Navigation Satellite System (IRNSS) and the Japanese Quasi-Zenith Satellite System (QZSS). Partial achievements have been reached with the Chinese GNSS system BeiDou. However, little progress has been made in cooperation activities with the Russian system GLONASS. 9. WHAT IS THE EU ADDED VALUE OF THE EUROPEAN GNSS ***PROGRAMMES***? The added value of the European GNSS lies not only in ensuring Europe’s independence with regard to a critical technology but also in securing important macro-economic benefits for the European Union, catalysing the development of new services and products based on GNSS and generating technological spin-offs beneficial for research, development and innovation26. The Declaration of Galileo Initial Services in December 2016 was a major step towards reaping the benefits of Galileo’s added value. Just a few months after declaring Galileo services operational a number of Galileo-ready devices such as smartphones and car navigations hit the mass market. All main chipsets (sold by 17 major suppliers worldwide, representing 95% of the market) that are used in smartphones, tablets, cars, professional survey equipment, etc. use Galileo. 26 SEC(2011)1447.Commission Staff Working Paper, Impact Assessment, chapter 2.1 24 These chipsets are embedded in consumer and professional products that we can buy today. Based on the main products on sale, the GSA estimates that more than 100 million user devices enabled for EGNOS and/or Galileo services are today in the hands of European citizens. From 2018, all new car models sold in the European Union will rely on EGNOS and Galileo to calculate the position of emergency calls in case of accidents. In addition, the potential number of users is expected to become bigger: shipments of GNSS devices in the European Union are expected to grow from 210 million units in 2015 to almost 290 million in 202027, representing a much larger base of users for EGNOS and Galileo. Continuation of the ***programmes***' implementation at EU level is a condition for the achievement of Galileo and EGNOS initial and current objectives. The size and complexity of the ***programmes*** require an implementation at EU level, as no viable alternative exists to ensure the appropriate return on investment. The implementation at EU level is the only way the ***programmes*** can be carried out and the results achieved. The discussion on the EU added-value has been characterised by the highest consensus among all stakeholders on the necessity to ensure continuity of the EU action. Stopping the Galileo and EGNOS ***programmes*** would have severe political, economic and scientific consequences. The EU would lose its credibility as a ***strategic*** partner providing global satellite navigation system vis-à-vis its own citizens, industries and international partners. The overall investment into Galileo and EGNOS (of more than 10 billion EUR since 2007) and expected indirect economic impacts would be lost together with the potential for innovation and building up a high-tech knowledge base in Europe. From the global perspective, the position of Galileo as a global satellite navigation system would be lost. 10. HOW IS THE EUROPEAN GNSS AGENCY PERFORMING? The GSA has successfully achieved important objectives for the progress of the Galileo and EGNOS ***programmes*** and for the development of European GNSS downstream markets through an effective implementation of both core and delegated tasks. Key achievements of the Agency include the implementation in particular of testing activities that were required for the declaration of Galileo Initial Services; the contribution to the transition to Galileo exploitation phase with the award of the Galileo Service Operator (GSOp) contract; the management of the EGNOS operation contract and other responsibilities having led to a continuous EGNOS service provision; the smooth implementation of FP7, Horizon 2020 and Fundamental Elements R&D projects and downstream market development through monitoring, communication and promotion activities. The Agency's results have been in line with expectations and have been delivered within budget limits. The results of the Agency have been appreciated by various stakeholders. The EU Member States representatives shared a rather positive opinion on GSA results, pointing out the successful contribution to Galileo and EGNOS ***programmes***' implementation, a good implementation of EU rules in the activities, a transparent reporting on the Agency's activities and results, and a willingness to achieve the objectives despite difficulties. The representatives of the downstream industry also shared a positive feedback on the GSA: 79% of respondents to the questionnaire estimated that the Agency had a positive or very positive impact on market development in the evaluation period. 27 European GNSS Agency: GNSS Market Report, Issue 5 (May 2017), p.13 25 Processes implemented by the GSA are defined by the legal framework governing the Agency with which the GSA is compliant. This compliance allows a good level of monitoring and evaluation of the Agency activities and contributes to the effective implementation of the ***programmes***. However, this is at the cost of a substantial administrative burden, which may have an impact on the efficiency of both the Agency and its stakeholders. The Agency has also been proactive to improve the effectiveness and efficiency of its delivery process. For example, the GSA has been certified ISO-9001 for its quality management system. Nevertheless, the Agency faces some issues, in particular related to its capacity to hire appropriate profiles in terms of seniority and expertise. This is due to a low attractiveness (salaries, reputation, location) and leads to a need to outsource a part of GSA activities, which increases costs and slows down internal capabilities building. This issue has become more prominent with the growing responsibilities and budget of the Agency. Between 2014 and 2016 with the increasing responsibilities entrusted to the GSA, the total budget managed by the Agency has grown by 85,9%, and the GSA staff has increased by 22,1%. 11. CONCLUSIONS According to the evidence presented in the interim evaluation, the ***programmes*** demonstrated that the implementation of the GNSS Regulation and GSA Regulation has marked good results in overall: the milestones set for the evaluation period were achieved, the implementation of actions occurred within budget limits and there is a high degree of coherence of the ***programmes*** with other EU policies. The relevance of the ***programmes*** and of the GSA is unquestioned. The EU added value is very high compared to what could be achieved at national or regional level. The results of this interim evaluation will help to optimise the implementation of the Galileo and EGNOS ***programmes*** in the short and medium term. It is clear that in the remaining three years of the current financial perspective as well as in the future one, efforts will need to be made to address a number of challenges. The most important will be: 1. increasing market uptake of the Galileo and EGNOS services by demand driven measures, stimulating development and use of innovative applications, supporting the competitiveness of the European companies on the global GNSS market, promoting the use of European satellite navigation technology and services worldwide; 2. ensuring continuous provision of Galileo and EGNOS services in the future: reaching full operational capability of Galileo by 2020, enlarging the coverage of EGNOS services to the entire territory of the EU-28 Member States, preparing the next generation of Galileo and EGNOS services and infrastructure; 3. optimising the current governance scheme for the Galileo and EGNOS ***programmes***, which should reflect the operational phase of these service-driven ***programmes***, reducing the administrative burden for the key actors, reducing the complexity of the decision making process, taking into account the new security challenges such as cybersecurity and the need for clear roles and responsibilities of the actors responsible for security requirements implementation and verification. 26 ANNEX 1 – ACRONYMS AND GLOSSARY Name or abbreviation Description APV-I service Approach with Vertical guidance (EGNOS service for civil aviation). COSPAS-SARSAT The International COSPAS-SARSAT ***Programme*** is a treaty-based, non-profit, intergovernmental, humanitarian cooperation of 43 nations and agencies dedicated to detecting and locating radio beacons activated by persons, aircrafts or vessels in distress, and forwarding this alert information to authorities that can take action for rescue. CPI Cost Performance Index CS Commercial Service (of the Galileo system) EC European Commission EDAS EGNOS Data Access Service EGNOS European Geostationary Navigation Overlay Service. The EGNOS system is the European Satellite-Based Augmentation System (SBAS). The EGNOS ***programme*** aims to establish the EGNOS system. ESA European Space Agency. ESA is an international organisation with 22 Member States, two of which Norway and Switzerland are not members of the EU. EU European Union European GNSS ***programmes*** Galileo ***programme*** and EGNOS ***programme*** FOC Full Operational Capability (of the Galileo system) Galileo The Galileo system is the European Global Navigation Satellite System (GNSS). The Galileo ***programme*** aims to establish the Galileo system. GDP Gross Domestic Product GLONASS Globalnaya navigatsionnaya sputnikovaya sistema. It is the Russian Global Navigation Satellite System (GNSS). GNSS Global Navigation Satellite System GPS Global Positioning System. It is the American Global Navigation Satellite System (GNSS). GSA European GNSS Agency GSMC Galileo Security Monitoring Centre GSOp Galileo Service Operator IOV In-Orbit Validation (of the Galileo system) IRNSS Indian Regional Navigation Satellite System. It is the Indian Global Navigation Satellite System (GNSS). LPV-200 service Localizer Performance with Vertical guidance (EGNOS service for civil aviation) MS Member States of the European Union MSAS Multi-functional Satellite Augmentation System. It is the Japanese Satellite-Based Augmentation System (SBAS). NAVISP Navigation Innovation and Support ***Programme*** (ESA ***programme*** supporting GNSS related R&D activities) OS Open Service (of the Galileo and EGNOS systems) PRS Public Regulated Service (of the Galileo system) QZSS Quasi-Zenith Satellite System. It is the Japanese Global Navigation Satellite System (GNSS). SAB Security Accreditation Board SAR Search and Rescue service (of the Galileo system) SBAS Satellite-Based Augmentation System SoL Safety of Life service (of the EGNOS system) SPI Schedule Performance Index WAAS Wide Area Augmentation System. It is the American Satellite-Based Augmentation System (SBAS). 27 ANNEX 2 – PROCEDURAL INFORMATION 1. Lead DG: DG Internal Market, Industry, Entrepreneurship and SMEs (DG GROW) 2. Organisation and timing The Staff Working Document on interim evaluation of the Galileo and EGNOS ***programmes*** and evaluation of the European GNSS Agency accompanies the Report from the Commission to the European Parliament and Council on the implementation of the Galileo and EGNOS ***programmes*** and on the performance of the European GNSS Agency. To take stock of the expertise available in other Commission services, an Inter-Service Group (ISG) was set up in July 2016, comprising of the following Directorate-Generals: DG GROW, SG, SJ, DG BUDG, EEAS, DG CONNECT, DG RTD, DG JRC, DG MOVE. The ISG met seven times between July 2016 and July 2017 and was consulted throughout the evaluation process. 3. Evidence used in the interim evaluation Stakeholder consultation An extensive stakeholder consultation was carried out by the external contractor during February and March 2017. Two different methods were used: face-to-face/telephone interviews and targeted consultation by means of web questionnaires. A total of 97 stakeholders were consulted: 71 in direct interviews, 25 via web questionnaires and 2 via written contributions. The face-to-face/telephone interviews method implied direct interactions with selected stakeholders in the form of semi-structured interviews. For these interviews, 12 different interview guidelines were developed, tailored to specific categories of stakeholders. Out of a base of over 100 key stakeholders, a total of 85 have been selected to be interviewed in 72 different entities. 32% of the sample was made of representatives of core user organisation, while other users counted for the remaining 68%. In terms of geographical composition, European users accounted for 86% of the sample, while the remaining 14% consisted of international users in USA, Canada, Switzerland and Australia. A feedback of 71 stakeholders received in the direct interviews was used for the interim evaluation. Targeted consultation implied distribution of web questionnaires to a large number of stakeholders. The questions were general so that all types of stakeholders with interest in the ***programmes*** could answer them. In addition to a general questionnaire, a specific questionnaire dedicated to EGNOS civil aviation stakeholders (i.e airports and airlines) was prepared and distributed to collect information on EGNOS service performance. Only limited feedback of 25 replies was collected via the online questionnaire. This was mainly due to the fact that the questionnaires were online for a relatively short period of time (6 weeks). To compensate the low rate feedback, the focus was on receiving input from additional direct interviews. Another source of stakeholders’ input was received during dedicated meetings on the interim evaluation, for example the GSA Administrative Board on 26 March 2017, the 28 European GNSS ***Programmes*** Committee on 26 April 2017 and a meeting with representatives of the downstream industry on 11 May 2017. GSA and ESA were consulted during the whole process of the interim evaluation. For this interim evaluation derogation from the standard open public stakeholder consultation was granted as an online public consultation on the European Space Strategy was conducted earlier in 2016. In this public consultation, specific questions were asked related to market uptake of the services and data generated from Galileo and EGNOS by current and future users, as well as the evolution of these ***programmes*** in the future. The responses to the questions concerning the Galileo and EGNOS ***programme*** have been taken into consideration in the formulation of the answers to the evaluation questions. Desk research The secondary data collection involved reviewing various documents and literature relevant for the evaluation. Among the key data sources of the desk research were the Galileo and EGNOS monitoring reports (quarterly implementation reports, annual reports from the Commission, GSA and ESA), in-depth market analysis carried out by the GSA (Market Reports, User Technology Report), relevant policy papers of the European Parliament and of the European Space Policy Institute, the GSA readiness review carried out by the Commission, together with legal documents (applicable Regulations, Commission Implementing Decisions, Delegation Agreements between EC and ESA as well as between EC and GSA, Working Arrangements between GSA and ESA). 4. External expertise The interim evaluation is based on an evaluation study contracted by the European Commission to an external consultant (PwC France). The contractor started to work in November 2016 and submitted the final evaluation study in July 2017. The evaluation study fulfils the contractual conditions. It applies methodologies to collect, analyse, judge and present primary and secondary data to answer the evaluation questions. The evaluation provides a very good overview of the Galileo and EGNOS ***programmes*** implementation as well as of the European GNSS Agency and its performance of the last three years (2014-2016). With regarding to the timing of the evaluation study, it was expected that the study is finalised by end of March 2017. However, due to delays caused by the need to substantially redraft the interview guidelines in January 2017, the launch of the stakeholder consultation was postponed to mid-February. Also due to the number of direct interviews that needed to be carried out, the stakeholder consultation was only finalised at the end of March 2017. In addition, more contacts with the contractor were needed, to reflect the requirements of the ISG. 29 ANNEX 3 – ***INTERVENTION*** LOGIC 30 ANNEX 4 – DETAILED EVALUATION QUESTIONS Main evaluation questions Sub-questions per evaluation criteria To what extent are the European GNSS ***programmes*** still relevant regarding the current needs of the EU? • To what extent is an autonomous global satellite navigation system necessary for EU? • To what extent is a European regional satellite augmentation system necessary for EU? • Do the objectives of Galileo and EGNOS still correspond to the current needs of the EU? To what extent were the effects (benefits) achieved at the lowest cost? • To what extent were the resources spent for implementing the ***programmes*** used efficiently? • To what extent does the governance of the ***programmes*** (as set out in chapter III of the GNSS Regulation) contribute to the efficient implementation of the ***programmes***? • What is the performance of the ***programmes*** in terms of cost and schedule performance indexes (see Article 34(2) (a)(iii) and (iv) GNSS Regulation and Article 34(2)(b)(iii) and (iv) GNSS Regulation)? To what extent have the European GNSS ***programmes*** been effective in achieving their objectives? • At system/service level, what progress has been made with regard to infrastructure deployment, service level and coverage extension (see Article 34(2)(a)(i) and (ii) GNSS Regulation and Article 34(2)(b)(i) and (ii) GNSS Regulation) compared to intended milestones/targets? • Where results have not been achieved, what factors have hindered their achievement? • To what extent have the ***programmes*** contributed to the maximisation of socio-economic benefits, and the creation of know-how in Europe compared to set aims? To what extent are the European GNSS ***programmes*** internally coherent and coherent with other initiatives with similar objectives? • To what extent are Galileo and EGNOS coherent with other ***programmes*** and policies of the EU? • To what extent do the actors involved (Commission, GNSS Agency, Member States and ESA) act to avoid duplication of efforts? • To what extent are Galileo and EGNOS coherent with other GNSS systems? What is the EU added value of Galileo and EGNOS? • What is the additional value of Galileo and EGNOS ***programmes*** implemented at EU level compared to what could be achieved by Member States at national, regional and/or local levels? • To what extent do the issues addressed by Galileo and EGNOS ***programmes*** continue to require action at EU level? • What would be the most likely consequences of stopping or withdrawing the existing EU ***intervention***? To which extent is the GSA performing well? • What impact has the Agency made in achieving its objectives? • Are the Agency’s results so far in line with the expectations? • Is the Agency delivering its results in an efficient manner in terms of smooth running, working methods, and use of resources? • To what extent are the internal mechanisms for ***programming***, monitoring, reporting on and evaluating the Agency adequate for ensuring accountability and appropriate assessment of the overall performance of the Agency while minimising the administrative burden of the Agency and its stakeholders (established procedures, layers of hierarchy, division of work between teams or units, IT systems, initiative for streamlining and simplification, etc.)? • To what extent are the activities of the Agency coherent with other EU policies? • What would be the impacts, including financial, in case of a change of scope and nature of the Agency’s tasks? • To what extent has the Agency applied its policy on conflicts of interest? • Have there been circumstances that may have impaired the independence and autonomy of the Security Accreditation Board? 31 ANNEX 5 – STAKEHOLDER CONSULTATION An extensive stakeholder consultation was carried out by the external contractor during February and March 2017. Two different methods were used: face-to-face/telephone interviews and targeted consultation by means of web questionnaires. A total of 97 stakeholders were consulted: 71 in direct interviews, 25 via web questionnaires and 2 via written contributions. Direct interviews First, 71 stakeholders from all categories were consulted through face-to-face or phone interviews (thus 72% of the total number of consultations), including:  4 European Parliament Members  19 representatives from the European GNSS ***Programmes*** Committee (SAB representatives)  8 representatives from the EC (DG GROW)  5 representatives from the GSA ***programme*** management  4 representatives from the ESA ***programme*** management  8 representatives from upstream industries  5 representatives from midstream bodies (security, operations, service)  3 representatives from the GSA downstream market development  6 representatives from downstream industries  9 representatives from national space agencies and industry associations. The identification of stakeholders of the Galileo and EGNOS ***programme*** were driven by the ecosystem of the respective ***programmes*** and by geographical considerations. Wide coverage of the ***programme*** ecosystem ensured evaluation of feedback from all categories of stakeholders contributing to the implementation of Galileo and EGNOS ***programmes***, including GNSS receiver manufacturers and EGNOS Safety-of-Life service users. These stakeholders included in particular:  Policy makers: EU Parliament Members  Decision-makers: European GNSS Committee and GSA administration Board members  ***Programme*** partners: DG GROW, ESA and the European GNSS Agency  Industry: space and ground segment manufacturers, operators and downstream industry  Other entities including National space agencies, associations Wide geographical coverage ensured the identification of stakeholders from the largest possible number of EU Member States. As a result, most countries in the EU-28 were represented plus Norway and Switzerland. In addition, 2 representatives of the European GNSS ***Programmes*** Committee were consulted through written contributions. 32 Online questionnaires Second, 25 stakeholders from all categories were consulted through web-questionnaires (thus 26% of the total number of consultations), including a general questionnaire and a specific questionnaire dedicated to EGNOS civil aviation stakeholders. Most questions were in closed form, but the stakeholders were also given the possibility to complete their answer with an open text box. Those stakeholders included:  1 representative from the European GNSS ***Programmes*** Committee  1 representative from the GSA ***programme*** management  3 representatives from the GSA market development  3 representatives from upstream industries  11 representatives from downstream industries  5 representatives from associations  1 representative from another category. Dedicated meetings From March to May 2017, the Commission services organised or participated to dedicated meetings during which the interim evaluation was discussed with key stakeholders. On 26 March 2017, the GSA organised a dedicated workshop on the interim evaluation as a part of the GSA Administrative Board meeting. The conclusions of this workshop were used as an input for elaborating the interim evaluation. The European GNSS ***Programmes*** Committee met on 26 April, a dedicated ad-hoc meeting on the interim evaluation of the ***programmes***. On 11 May a special meeting with the representatives of the downstream industry was organised to get direct feedback. GSA and ESA were consulted during the whole process of the interim evaluation. Public consultation A standard open public stakeholder consultation was not organised for this interim evaluation as an online public consultation on the European Space Strategy was conducted between April and July in 2016. In this public consultation, specific questions were asked related to market uptake of the services and data generated from Galileo and EGNOS by current and future users, as well as the evolution of these ***programmes*** in the future. The responses to the questions concerning the Galileo and EGNOS ***programme*** have been taken into consideration in the formulation of the answers to the evaluation questions. Findings All relevant stakeholders had the opportunity to provide inputs. The Commission's minimum standards on the coverage of the whole Galileo and EGNOS ***programmes***' value chain and of the geography of the European Union have been met. Stakeholders have provided in general positive feedbacks and good levels of satisfaction. However, there have been some diverging views among stakeholders, especially between the stakeholders with a direct involvement in the ***programmes*** and a visibility on the internal processes (e.g governance actors, European GNSS ***Programmes*** Committee members, upstream industries) and the stakeholders with no direct visibility on the internal processes (e.g downstream industries, users). 33 ANNEX 6 – METHODS AND ANALYTICAL MODELS USED IN PREPARING THE EVALUATION The external contractor PwC France established an evaluation framework to use the inputs of the stakeholder consultation to answer the evaluation questions. This evaluation framework, which is provided in PwC France's evaluation study, establishes the Key Performance Indicators (KPIs) used to answer the questions and sub-questions of the evaluation criteria, the type of data gathering activity used to evaluate the KPIs (I: Stakeholder interview; Q: stakeholder questionnaire; D: desk research), and the targeted stakeholder category or the document used as source of information. Evaluation framework KPI Type of data collection Audience for interviews and surveys/ Source for desk research I Q D Effectiveness Question 1A: At system/service level, what progress has been made with regard to infrastructure deployment, service level and coverage extension (see Article 34(2)(a)(i) and (ii) GNSS Regulation and Article 34(2)(b)(i) and (ii) of the GNSS Regulation) compared to the intended milestones/targets? 1 (a) Number of Galileo satellites declared ready for operations X EC – Quarterly Progress Reports ESA – Technical Annexes to the Progress Reports 2 (a) Number of EGNOS payloads declared ready for operations X EC – Quarterly Progress Reports ESA – Technical Annexes to the Progress Reports 3 (a) Number of successful satellite ‘Launch Readiness Reviews’ executed in the period 2014-2016 X EC – Quarterly Progress Reports ESA – Technical Annexes to the Progress Reports 4 (a) Number of successful EGNOS payloads ‘Launch Readiness Reviews’ executed in the period 2014-2016 x EC – Quarterly Progress Reports ESA – Technical Annexes to the Progress Reports 5 (a) Number of On-Orbit Galileo satellites declared operational in the period 2014-2016 x EC – Quarterly Progress Reports ESA – Technical Annexes to the Progress Reports 6 (a) Utilisation of the Ariane 5 launcher x EC – Quarterly Progress Reports ESA – Technical Annexes to the Progress Reports 7 (a) Number of On-Orbit EGNOS payloads declared operational in the period x EC – Quarterly Progress Reports ESA – Technical Annexes to the Progress 34 KPI Type of data collection Audience for interviews and surveys/ Source for desk research I Q D 2014-2016 Reports 8 (a) Elements of the core Galileo Ground Segments declared operational in the time frame 2014-2016 x EC – Quarterly Progress Reports ESA – Technical Annexes to the Progress Reports 9 (a) EGNOS system releases x EC – Quarterly Progress Reports ESA – Technical Annexes to the Progress Reports 10 (a) Galileo service declarations x EC – Quarterly Progress Reports ESA – Technical Annexes to the Progress Reports 11 (a) EGNOS service declarations x EC – Quarterly Progress Reports ESA – Technical Annexes to the Progress Reports 12 (a) Availability of Galileo SDD x EC – Quarterly Progress Reports ESA – Technical Annexes to the Progress Reports 13 (a) EU-28 land mass provided with APV-I service x GSA/ESSP 14 (a) EU-28 land mass provided with VLP-200 service x GSA/ESSP 15 (a) Total number of airports with EGNOS procedures (A) x GSA/ESSP 16 (a) Total number of airports with EGNOS procedures with an operational status (B) x EC – Quarterly Progress Reports GSA – Annual Report 17 (a) EGNOS service availability index based on the number of airports with EGNOS procedures with an operational status versus the total number of airports with EGNOS procedures (B/A) x GSA Annual implementation report, FP6, FP7, Horizon2020 Website EC – Quarterly Progress Reports 18 (a) EGNOS coverage extension vs ***planned*** service coverage area x x GSA Annual Implementation Report, FP6, FP7, Horizon2020 website 35 KPI Type of data collection Audience for interviews and surveys/ Source for desk research I Q D EC – Quarterly Progress Reports GSA/ESSP 19 (a) Establishment of international partnership in ***strategic*** area of extensions (to be repeated for each area of extension) x GSA Quarterly Implementation Report, FP6, FP7, Horizon2020 Website 20 (a) Activities initiated to raise awareness in the areas of extension x GSA Quarterly Implementation Report, FP6, FP7, Horizon2020 Website 21 (a) Number of installed RIMS x GSA Quarterly Implementation Report, FP6, FP7, Horizon2020 Website Question 1B: Where results have not been achieved, what factors have hindered their achievement? 1 (b) Exogenous factors x x EC, GSA, ESA, OHB, Airbus D&S 2 (b) Anticipation of policy changes x x EC, GSA, ESA, OHB, Airbus D&S 3 (b) Anticipation of risks and/or opportunities x EC, GSA, ESA, OHB, Airbus D&S Question 1C: To what extent has the ***programme*** contributed to socio-economic benefits, and the creation of know-how in Europe compared to set aims. 1 (c) Impacts on EU MS GDP, employment and tax revenues x EC, ESA, GSA 2 (c) Number of jobs in the upstream industry x European GNSS Agency, Market Report 2015 3 (c) Number of jobs in the downstream industry x European GNSS Agency, Market Report 2015 4 (c) EU industry share of GNSS global market (Galileo) x Draft General Budget of the European Commission for the financial year 2016 and for the year 2018 5 (c) EU industry share of GNSS global market (EGNOS) x Draft General Budget of the European Commission for the financial year 2016 and for the year 2018 36 KPI Type of data collection Audience for interviews and surveys/ Source for desk research I Q D 6 (c) Percentage of European farmers relying on EGNOS to enhance precision ***agriculture*** x GSA Website 7 (c) Reduction in the amount of labour needed for organic farming when using EGNOS x GSA Website 8 (c) Safety-of-Life Service contribution to the reduction of C02 emissions x GSA Website 9 (c) Safety-of-Life Service contribution to the reduction of flight delays and cancellations x GSA Website 10 (c) Impact on technologies and new products x x Industrial/Commercial partners (potentially ESA and EUROSPACE) 11 (c) Networking and image return x x Industrial/Commercial partners (potentially ESA and EUROSPACE) Efficiency Question 2A: To what extent were the resources spent on implementing the ***programmes*** used efficiently? 1 (a) Change of costs and commitments x Quarterly Implementation Reports 2 (a) ***Programme*** costs and commitments x Quarterly Implementation Reports 3 (a) EU ***intervention*** cost efficiency x Quarterly Implementation Reports 4 (a) H2020 Projects x GSA Website 5 (a) Schedule implementation x GSA Quarterly Implementation Report Question 2B: To what extent does the governance of the ***programmes*** (as set out in chapter III of the GNSS Regulation) contribute to the efficient implementation of the ***programmes***? 1 (b) ***Programme*** reporting x x GSA, ESA, EC Question 2C: What is the performance of the ***programmes*** in terms of cost and schedule performance indexes (see Article 34(2)(a)(iii) and (iv) GNSS Regulation and Article 34(2)(b)(iii) and (iv) GNSS 37 KPI Type of data collection Audience for interviews and surveys/ Source for desk research I Q D Regulation)? 1 (c) Cost and schedule x EC – Quarterly Progress reports GSA – Annual Implementation reports Coherence Question 3A: To what extent are Galileo and EGNOS coherent with other ***programmes*** and policies of the EU? 1 (a) Coherence of the EGNSS ***programme*** policies with policies of the EU x x ***Programme*** management 2 (a) Internal consistency of the EGNSS ***programme*** policies x ***Programme*** management, Upstream and Downstream 3 (a) Coherence of the EGNSS ***programme*** policies with other EU policies x ***Programme*** management, Upstream and Downstream 4 (a) Coherence of the EGNSS ***programme*** policies with the EU Space Policy x ***Programme*** management, Upstream and Downstream 5 (a) EU countries having declared their interest in GNSS-based tolling x GNSS Market Report, issue 4 (2015) and issue 5 (2017) 6 (a) EU countries having successfully implemented GNSS-based tolling systems x GNSS Market Report, issue 4 (2015) and issue 5 (2017) 7 (a) Flexibility for new organisation x ***Programme*** management, Upstream and Downstream 8 (a) Coherence of the EGNSS ***programme*** policies with H2020 RTD Objectives x ***Programme*** management, Upstream and Downstream 9 (a) Coherence of the EGNSS ***programme*** policies with policies of the EU x ***Programme*** management, Upstream and Downstream Question 3B: To what extent do the organisations involved (Commission, GNSS Agency, Member States and ESA) take measures to avoid the duplication of efforts? 1 (b) Perimeter duplication x x ***Programme*** Management 2 (b) Occurrence of overlaps x x ***Programme*** Management 38 KPI Type of data collection Audience for interviews and surveys/ Source for desk research I Q D 3 (b) Efficiency of determination of duplications x ***Programme*** Management 4 (b) Duplications of efforts in service provision x Midstream actors 5 (b) Efficiency of redundancy determination x Midstream actors Question 3C: To what extent are Galileo and EGNOS coherent with other GNSS systems? 1 (c) Coherence with other GNSS x x x Infrastructure development entities/GSA Market Report, GSA GNSS Technology report EU Added Value Question 4A: What is the additional value of Galileo and EGNOS ***programmes*** compared to what could be achieved by Member States at national, regional and/or local levels? 1 (a) Added value of European ***intervention*** for project management x x DG GROW, GPS, GLONASS, BEIDOU, Prime contractors 2 (a) Added value of financial risks compared to national initiatives x x GSA, National Space Agencies 3 (a) Added value for operational risk mitigation x GSA and Prime contractors 4 (a) Added value on cooperation modalities and impact on bureaucracy x ESA, EC, GSA 5 (a) Added value of European ***intervention*** for funding x ESA, EC, GSA 6 (a) Added value of a European competitive landscape x Procurement entity Question 4B: To what extent do the issues addressed by Galileo and EGNOS ***programmes*** continue to require action at EU level? 1 (b) Importance of EU level actions x EC, GSA, Members States Question 4C: What would be the most likely consequences of stopping or withdrawing the existing EU ***intervention***? 1 (c) Importance of EU ***intervention*** x Member States, DG GROW, ESA 39 KPI Type of data collection Audience for interviews and surveys/ Source for desk research I Q D GSA evaluation Question 5A: What impact has the GSA made in achieving its objectives? 1 (a) EGNOS-based approach adoption x x ESSP, Airlines, National Aviation Authorities 2 (a) Advancement against market adoption strategy x x GSA, Long lead-time user communities (EU Agencies/Bodies, Governmental bodies, Commercial) 3 (a) EGNSS Market uptake x x GSA, Long lead-time user communities (EU Agencies/Bodies, Governmental bodies, Commercial) 4 (a) Number of engaged/certified manufacturers and operators x x Industrial/Commercial partners (potentially ESA and EUROSPACE) 5 (a) Stakeholder satisfaction x X Industrial/Commercial partners (potentially ESA and EUROSPACE) Question 5B: Are the Agency’s results so far in line with the expectations? 1 (b) Security Accreditation Board Meetings x EC, GSA, ESA 2 (b) Security accreditation and certification x EC, GSA, ESA 3 (b) Operational readiness of the GSMCs x EC, GSA 4 (b) Established and accredited interfaces to CPA x EC, GSA 5 (b) Ramp-up of personnel for GSMC operations x EC, GSA 6 (b) Technical support to Competent PRS Authorities x EC, GSA, National POC 7 (b) Reports to the European Parliament and Council x GSA 8 (b) Service & system evolutions x GSA, Long lead-time user communities (EU Agencies/Bodies, Governmental bodies, 40 KPI Type of data collection Audience for interviews and surveys/ Source for desk research I Q D Commercial) 9 (b) EGNOS system releases x GSA, ESA 10 (b) Promotion of applications & services x GSA, industrial partners, long-lead time users 11 (b) Number of promotional activities x GSA, industrial partners, long-lead time users 12 (b) Fundamental elements x x GSA interview/ FP6, FP7, Horizon2020 Website/GSA Website Question 5C: Is the Agency delivering its results in an efficient manner in terms of smooth running, working methods, and use of resources? 1 (c) Use of resources GSA Annual Implementation Reports 2 (c) Use of (human) resources x GSA 3 (c) Working methods x GSA 4 (c) GSQ resources and allocation ***plan*** vs assigned tasks and objectives x GSA 5 (c) Resource optimisation x GSA 6 (c) Costs vs benefits x GSA 7 (c) Reporting quality x GSA Quarterly Implementation Report 8 (c) Staff integration x GSA Quarterly Implementation Report 9 (c) Work organisation x GSA Question 5D: To what extent are the internal mechanisms for ***programming***, monitoring, reporting and evaluating the Agency adequate for ensuring accountability and appropriate assessment of the overall performance of the Agency while minimising the administrative burden of the Agency and its stakeholders (established procedures, layers of hierarchy, division of work between teams or units, IT systems, initiative for streamlining and simplification, etc.)? 1 (d) Internal mechanisms X EC, GSA Question 5E: To what extent are the activities of the Agency (GSA) coherent with other EU policies? 1 (e) Coherence of the GSA with intra-European policies x Members of the European Parliament 41 KPI Type of data collection Audience for interviews and surveys/ Source for desk research I Q D 2 (e) Coherence of the GSA with market segments x Downstream actors 3 (e) Coherence of GSA RTD activities with H2020 x Downstream actors 4 (e) Coherence of GSA activities with EU Common Approach x Members of the European Parliament

**Load-Date:** December 16, 2017

**End of Document**



[***CanniMed to Expand Globally with Acquistion of Up Cannabis***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R0W-DTR1-JD3Y-Y2H5-00000-00&context=1516831)

FinancialWire

November 20, 2017 Monday

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**Body**

20 November 2017 - Canada-based international plant biopharmaceutical company CanniMed Therapeutics Inc. (TSX: CMED) has agreed to acquire all outstanding shares of licensed cannabis ***producer*** Up Cannabis Inc., the company said.

Newstrike is the parent company of Up Cannabis Inc.

The arrangement will be by way of a ***plan*** of arrangement pursuant to which each Newstrike shareholder will receive 0.033 CanniMed shares in exchange for each Newstrike share held. Subsequent to closing of the arrangement, the current CanniMed shareholders will own in aggregate approximately 65% of the combined entity and the Newstrike shareholders will in aggregate own approximately 35% of the combined entity.

The arrangement agreement represents a consideration of approximately CDN 0.505 per Newstrike common share based on the closing price of CanniMed common shares on November 14, 2017.

Upon closing of the arrangement, Newstrike will become a wholly owned subsidiary of CanniMed.

CanniMed said this is a transformational acquisition for the company in the emerging recreational cannabis marketplace. CanniMed and Up Cannabis ***plan*** to leverage infrastructure and expertise across both platforms to drive synergistic value while focusing strengthening their positions in their distinct markets.

CanniMed has 16 years of pharmaceutical cannabis cultivation experience, GMP-compliant production process and research and development platforms with a range of pharmaceutical-grade cannabis products.

In addition, the company has an active plant biotechnology research and product development ***program*** focussed on the production of plant-based materials for pharmaceutical, ***agricultural*** and environmental applications.

CanniMed, through its subsidiaries, was licensed under the Marihuana for Medical Purposes Regulations, the predecessor to the current Access to Cannabis for Medical Purposes Regulations.

Newstrike is a licensed ***producer*** of cannabis that received its cultivation license on December 19, 2016. Newstrike, together with its ***strategic*** partners, is developing a diverse network of high quality cannabis brands.

AltaCorp Capital Inc. is acting as financial advisor to CanniMed and has provided a fairness opinion to the CanniMed board of directors with Borden Ladner Gervais LLP acting as legal advisor to CanniMed. Cormark Securities Inc. has provided a fairness opinion to the CanniMed board of directors.

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**Load-Date:** November 21, 2017

**End of Document**



[***Register of Commission documents: Commission’s Action Plan on Nutrition April 2016 – March 2017 Document date: 2017-06-14 COM\_SWD(2017)0239 SEC documents***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5NYF-9F71-F0YC-N35G-00000-00&context=1516831)

Impact News Service

July 5, 2017 Wednesday

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**Length:** 8512 words

**Body**

Brussels: Public Register European Parliament has issued the following document:

EN EN EUROPEAN COMMISSION Brussels, 14.6.2017 SWD(2017) 239 final COMMISSION STAFF WORKING DOCUMENT Second Progress Report on the Commission’s Action ***Plan*** on Nutrition April 2016 – March 2017 2 Contents Contents .................................................................................................................................................................. 2 Key Messages ......................................................................................................................................................... 4 1. Introduction ........................................................................................................................................................ 5 Background ........................................................................................................................................................ 5 Scope of the Second Progress Report ................................................................................................................ 6 2. Progress in Implementing the Action ***Plan*** on Nutrition .................................................................................... 7 2.1 Progress in ***Strategic*** priority 1: Enhance mobilisation and political commitment for nutrition. ............... 9 2.2 Progress in ***Strategic*** priority 2: Scale up actions at country level ........................................................... 10 2.3 Progress in ***Strategic*** priority 3: Knowledge for nutrition (strengthening the expertise and knowledge-base). ................................................................................................................................................................ 12 3. Progress in Reducing Stunting by 7 million by 2025 ....................................................................................... 14 4. Progress in spending EUR 3.5 billion on nutrition by 2020 ............................................................................. 15 5. Conclusions and Future Priorities ..................................................................................................................... 19 Annex 1 EU Commitments to 'basic nutrition' managed by the Directorate-General for International Cooperation and Development (EUR millions) ............................................................................................... 21 Annex 2 EU nutrition commitments, 2008-2016. .......................................................................................... 22 3 Acronyms AFD Agence Française de Développement CRIS Common External Relations Information System DAC Development Assistance Committee of the OECD DFID Department for International Development, United Kingdom ECHO Directorate-General for European Civil Protection and Humanitarian Aid Operations, European Commission EDF European Development Fund EU European Union DEVCO Directorate-General for International Cooperation and Development, European Commission FIRST Food and Nutrition Security Impact, Resilience, Sustainability and Transformation FNSSA Food and Nutrition Security and Sustainable ***Agriculture*** GIZ Deutsche Gesellschaft für Internationale Zusammenarbeit GNR Global Nutrition Report MDD-W Minimum Dietary Diversity for Women NGO Non-Governmental Organisation NIPN National Information Platform for Nutrition OECD Organisation for Economic Cooperation and Development SDG Sustainable Development Goals SUN Scaling Up Nutrition movement UN United Nations UNICEF United Nations Children's Fund WHA World Health Assembly WHO World Health Organisation 4 Key Messages The European Union (EU) is continuing to work strategically to achieve its commitments to help reduce the number of stunted children under the age of five by at least 7 million by 2025 and to allocate EUR 3.5 billion (2014-2020) to improve nutrition.

Preliminary results for 2016 indicate a 3-fold increase in the EU's funding commitments to nutrition since 2014. The total amount of funding commitments in the last three years is EUR 1.8 billion, which represents 51 % of the EU overall financial commitment for the period 2014-2020. In 2016 alone, the EU's financial commitments to nutrition have reached EUR 790 million. This is a significant development, but this pace of investment needs to be maintained in order to reach the EUR 3.5 billion target by 2020. The latest available data from 2016 shows that an additional one million children will be averted from stunting by 2025, in the EU's prioritised countries for nutrition1. This is double last year's calculation and represents, in total, 2 million extra children averted from stunting, above and beyond what was anticipated when the global nutrition targets were set. The scope for securing such progress lies in the ***strategic*** design of ***programmes*** that are still to be funded – especially in the focal sectors of food and nutrition security and sustainable ***agriculture*** (FNSSA), Health and Education – so that nutrition is integrated alongside other objectives. Furthermore, the EU-Africa Research and Innovation Partnership on FNSSA has started to get operational, with funding allocated in Horizon 2020 and through the African Union Research Grant Scheme. The EU's funding of nutrition ***interventions*** is continuing to prioritise nutrition-sensitive2 investments, as ***planned***. Nevertheless, the proportion of investments to nutrition-specific (including through the health sector) has increased since 2014. This is in line with the EU's comprehensive approach to reducing stunting.3 Such a comprehensive approach is also evidenced in the EU's integration of nutrition in broader development concerns, such as economic growth, resilience and action on climate change. Nutrition is also sensitive to gender and inequity. Nearly 90 % of EU funds managed by the Directorate-General for International Cooperation and Development, and committed to nutrition from 2014 to 2016, have been targeted to the 40 countries that the EU has prioritised. 1 See Action ***Plan*** on Nutrition SWD(2014) 234 final 2 ***Interventions*** targeting the treatment of undernutrition are commonly denominated Nutrition Specific and those addressing the underlying causes of undernutrition are commonly denominated Nutrition Sensitive. 3 See Communication COMM(2013) 141 final 5 1. Introduction In April 2016, the First Progress Report4 on the implementation of the European Commission's Action ***Plan*** on Nutrition5 was published. It sounded a cautiously optimistic note about how the Commission is advancing towards its nutrition goals, and pointed to several areas for future focus to help strengthen this progress. This second report covers the period April 2016 to May 2017.. These reports are a key demonstration of the EU's accountability for its performance in relation to tackling undernutrition. Background The European Union's drive to support the reduction in global stunting, and to demonstrate the effective use of its financial resources in doing so, has become a significant dimension of its international development policy.6 Food and nutrition security is central both as a precondition for sustainable and inclusive development, and also as an outcome of it.7 The EU's two global commitments have underpinned the ***strategic*** and operational focus of the EU's work in nutrition: Firstly, the 2012 commitment to support countries in reducing the number of stunted children under the age of five by at least 7 million by 2025.8 This has been integrated into the Commission's Communication on Nutrition.9 Secondly, the announcement of the EU, to ensure the allocation of EUR 3.5 billion between 2014 and 2020 to improve nutrition in developing countries.10 These are the cornerstones of the European Commission's Action ***Plan*** on Nutrition. The EU's commitments, and progress towards their achievement, operate in a much wider context of international engagement in nutrition. Most pertinent is the work undertaken within the framework of the Scaling Up Nutrition (SUN) movement11 and the Nutrition for Growth event of 201312, which have created a strong accountability framework for nutrition commitments. Additionally, the international mobilisation on wasting, including that of the European Commission services, should be acknowledged as well as the international recognition that wasting and stunting reduction should be addressed as two interconnected priorities in all contexts. 4 First Progress Report on the Commission's Action ***Plan*** on Nutrition 2014- 2016 SWD(2016) 181 final 5 SWD (2014) 234 final, Action ***Plan*** on Nutrition, 3rd July 2014 6 As evidenced in the [*https://ec.europa.eu/europeaid/policies/european-development-policy/european-consensus-development\_en*](https://ec.europa.eu/europeaid/policies/european-development-policy/european-consensus-development_en). See paragraphs 22, 24 and 55, for example. 7 European Commissioner for International Cooperation and Development, Mr. Mimica, Opening remarks at The High-Level Event on Innovative Ways for Sustainable Nutrition, Food Security and Inclusive ***Agricultural*** Growth. Brussels, 25 April 2016 8   [*http://europa.eu/rapid/press-release\_SPEECH-12-575\_en.htm*](http://europa.eu/rapid/press-release_SPEECH-12-575_en.htm) 9 The EU's Communication, Enhancing Maternal and Child Nutrition in External Assistance: An EU Policy Framework, states: 'In the framework of the 2012 London Global Hunger Event, the Commission has taken a political commitment to support partner countries in reducing the number of children under five who are stunted by at least 7 million by 2025.' (page 2) 10 Nutrition for Growth, London 2013, including the Global Nutrition for Growth Compact and Commitments. 11 All donors in the SUN movement track their own progress towards their own commitments. This includes the EU. The results are self-reported to the Global Nutrition Report (GNR), which compiles and analyses the progress being made. The latest results are available at:   [*http://ebrary.ifpri.org/utils/getfile/collection/p15738coll2/id/130383/filename/130594.pdf*](http://ebrary.ifpri.org/utils/getfile/collection/p15738coll2/id/130383/filename/130594.pdf) 12   [*http://scalingupnutrition.org/news/an-historic-moment-for-nutrition-nutrition-for-growth-summit-in-london/*](http://scalingupnutrition.org/news/an-historic-moment-for-nutrition-nutrition-for-growth-summit-in-london/) 6 Scope of the Second Progress Report The First Progress Report gave account of the work the European Commission had undertaken in relation to each of the three ***strategic*** priorities identified in the Communication on Nutrition13 and hence in the Action ***Plan*** on Nutrition: • ***Strategic*** priority 1: Enhance mobilisation and political commitment for nutrition • ***Strategic*** priority 2: Scale up actions at country level • ***Strategic*** priority 3: Knowledge for nutrition (strengthening the expertise and the knowledge-base) This Second Progress Report seeks to provide an update of significant achievements. 2017 is a pivotal point in the ***planning*** and funding cycles, in the context of the Multiannual Financial Framework. The Multiannual Financial Framework (including the 11th European Development Fund - EDF) runs from 2014 to 2020. So, at this near mid-point, the opportunity should be seized to determine what remains to be done to reach the nutrition commitments as set. To maximise the impact of the Action ***Plan*** on Nutrition, the Commission identified countries of ***strategic*** priority for its support for nutrition. These countries had a high burden of stunting; a politically committed government; and requested support from the EU Delegations to address undernutrition. 40 countries were initially included, and two more have been added, at the request of the respective Delegations, in the last 12 months (Sudan and Djibouti), as shown in Figure 1. Figure 1: The EU's 42 Priority Countries for Nutrition For each of the countries featured in last year's report, EU Delegations, with the support of the Commission services, ***produced*** short papers with: innovative analysis of the current national stunting situation, trends and future projections; described the EU Delegations' engagement and dialogue with Governments and partners in each country; and provided a vision of how to translate the Action ***Plan*** on Nutrition into the country situation. 13 Communication from the Commission to the European Parliament and the Council. Enhancing Maternal and Child Nutrition in External Assistance: an EU Policy Framework (COM (2013) 141). March, 2013. 7 These have been updated, and this year specifically features the Commission's nutrition financing profile at country level. The 42 Country Profiles on Nutrition are available at   [*https://ec.europa.eu/europeaid/nutrition-map\_en*](https://ec.europa.eu/europeaid/nutrition-map_en) The ***strategic*** prioritisation of these 42 countries is evidenced in the EU's financing decisions: Between 2014 and 2016, the 42 priority countries received nearly 90% of the EU's nutrition-relevant funding. This is summarised in Figure 2. So, the Commission has prioritised those countries most conducive to engagement on reducing stunting, and it has allocated nearly all the resources made available for nutrition to them. 2. Progress in Implementing the Action ***Plan*** on Nutrition The Action ***Plan*** on Nutrition envisaged that: To be most effective, the EU's assistance will be integrated in an overall approach combining ***interventions*** on the three ***strategic*** priorities – as indicated by the needs and opportunities in the different country contexts, and in support of government-determined national priorities.14 The European Union's approach in nutrition is to mobilise multiple sectors to contribute to the reduction of stunting. This translates to action across all three of the ***strategic*** priorities for nutrition. The geographic coverage of investments in the ***strategic*** priorities across the 42 priority countries is shown in Figure 3. 14 Page 5. SWD (2014) 234 final, Action ***Plan*** on Nutrition. Reducing the number of stunted children under five by 7 million by 2025. 3rd July 2014 8 The first Progress Report15 generated six recommendations to further the Union's progress towards its commitments: 1) Ensuring continued political momentum for nutrition globally. 2) Advancing efforts of governments to define appropriate national commitments. 3) Supporting the formulation of quality nutrition-relevant ***programmes***. 4) Investing in evidence for nutrition-sensitive activities. 5) Investing in services and support that improve child survival — one of the most effective disincentives to high fertility. 6) Continuing to work in partnership. Progress made in the first five recommendations will be discussed in the sections that follow, under the ***strategic*** priority they each relate to. The sixth recommendation, partnership, is a central consideration in the EU's approach to its work across all areas. Examples are given of recent work under each of the ***Strategic*** Priorities (presented in sections 2.1 to 2.3) that encompass different partnerships. More specifically, examination of the 2015 commitments reveals that EU Member States were a primary partner in ten financing decisions; national governments were a primary partner in ten; a UN body was a partner in twenty-two16; and NGOs in eight decisions. 15 SWD (2016) 181 final   [*http://ec.europa.eu/europeaid/first-progress-report-commissions-action-****plan****-nutrition-2014-2016\_en*](http://ec.europa.eu/europeaid/first-progress-report-commissions-action-plan-nutrition-2014-2016_en) 16 Out of a total of 30 financing decisions, and excluding 6 decisions where development funds were spent on humanitarian actions. Note: each decision could have more than one primary partner. Figure 3: Map showing the ***Strategic*** Priorities addressed by the 42 priority EU Delegations in the 2015 nutrition commitments. 9 There are several features that emerge across a number of countries, all of which reveal an increasing sensitivity amongst EU Delegations to the relevance of nutrition across several broader development agendas. These include, for example, enhancing gender approaches, strengthening resilience; supporting economic growth by developing a value-chain approach to smallholder ***agriculture***; and action on climate change. Such ***programmes*** demonstrate the complementarity and synergy that can be designed, whereby nutrition becomes integral, not an alternative, to other development concerns. This is particularly pertinent in the context of the mid-term review process currently underway, of national and regional multi-annual indicative ***programmes***. 2.1 Progress in ***Strategic*** priority 1: Enhance mobilisation and political commitment for nutrition. This ***strategic*** priority is considered as the key underpinning for achieving effective progress in nutrition. Without the political commitment of governments to address undernutrition as a national concern, and the backing of international partners to help maintain momentum, specific actions and investments will have limited sustained impact. Work in this area involves political discourse, technical dialogue and engagement in processes defining policies and priorities. Nutrition is embedded in the approaches the EU takes across all levels, and supports discourse about countries' social development as well as economic growth. The importance of ensuring continued political momentum for nutrition globally; and, of supporting governments to define appropriate national commitments were included in the recommendations of last year's report. Both have been taken forward. Firstly, the EU has continued to support and work through the SUN Movement, recognising its leadership in providing an international framework for enhancing cooperation to tackle undernutrition. The Commission was instrumental in SUN's genesis in 2010, and has since played an active role in its ***strategic*** and operational work. At the ***strategic*** level, European Commissioner for International Cooperation and Development joined the SUN Lead Group in July 2016. Together with 23 other world leaders, the Lead Group is responsible for the overall progress of the Movement and its ***strategic*** direction. At the operational level, 9 EU Delegations are acting as SUN donor convenors17, whilst most EU Delegations in SUN countries are active participants in country-level SUN Donor Networks (37 of the 42 EU priority countries for nutrition are members of the SUN Movement). The EU also continues to support the international SUN 17 Burkina Faso, Burundi (though operations are currently suspended), Chad, Lao PDR, Malawi, Mozambique, Niger, Yemen and Zimbabwe. Case example: EU Joint ***Programming***, Lao PDR The European Joint Indicative ***Programming*** for Lao PDR is aligned with the Government's priorities and ***planning*** cycle for 2016-2020. The EU Joint ***Programming*** includes the EU Delegation to Lao PDR, 7 EU Member States (Finland, France, Germany, Ireland, Hungary, Luxembourg, United Kingdom) and Switzerland, cooperating across seven priority sectors. The majority of the EU's contribution to the Joint ***Programming*** covers the nutrition sector (with the Commission channelling approximately EUR 75 million out of the EUR 92.2 million allocated to nutrition). The nutrition sector in the EU Joint ***Programming*** for Lao PDR is addressing all three ***strategic*** priorities of the Commission's Action ***Plan*** on Nutrition. A National Information Platform for Nutrition is included. One of the indicators for the Joint ***Programming*** is the prevalence of stunting, in support of the Government's ambition to achieve Sustainable Development Goal 2 (DG2). 10 Secretariat, which helps SUN countries (currently numbering 5818) to track their own progress; facilitates collaboration across all stakeholders; and fosters learning. The Commission contributed to strengthening international attention on nutrition by convening a high-level event in Brussels in April 2016, to explore Innovative Ways for Sustainable Nutrition, Food Security and Inclusive ***Agricultural*** Growth.19 The event brought together leaders from all domains: government, UN, civil society, private sector, research and private philanthropy. The event centred on a new political vision of undernutrition as a form of inequality that hampers the development of individuals and nations. Amongst the concluding messages was a call to embed nutrition in political, economic as well as social development discourses. The EU endeavours to support other international initiatives that align with the Action ***Plan*** on Nutrition. Notable examples include the Global Nutrition Report (GNR)20 as well as the UN Decade of Action on Nutrition.21 Secondly, at the country level, progress has been made in setting national stunting reduction targets: A quarter of the 40 countries profiled last year have updated or introduced a new national commitment22, and currently, 32 of the 42 priority countries have a national stunting reduction target in place. 2.2 Progress in ***Strategic*** priority 2: Scale up actions at country level In terms of its financial investments, this is a very significant ***strategic*** priority for the European Union, and needs to be understood in the context of efforts to create a conducive enabling environment through the work under ***Strategic*** Priority 1 on mobilisation and political commitment. Scaling up is an essential strand to achieving impact in alleviating stunting, including by encouraging further investments by partner countries. The significant rise in the EU's nutrition commitments since 2014, notably through development aid instruments – which will be discussed in section 4 below - is a direct result of the work undertaken by EU Delegations and the Commission services to incorporate nutrition considerations across priority sectors. Attention has been focused on designing ***programmes*** so as to improve nutrition by making this explicit through the objectives, indicators and activities ***planned***. The example from Malawi is a case in point, where a comprehensive, multisectoral, multi-stakeholder collaboration has been designed, to address those priority factors that cause undernutrition in the country. 18 As of 1 March 2017.   [*http://scalingupnutrition.org*](http://scalingupnutrition.org)/ 19   [*https://ec.europa.eu/europeaid/news-and-events/innovative-ways-sustainable-nutrition-food-security-and-inclusive-****agricultural****\_en*](https://ec.europa.eu/europeaid/news-and-events/innovative-ways-sustainable-nutrition-food-security-and-inclusive-agricultural_en) 20   [*http://www.globalnutritionreport.org*](http://www.globalnutritionreport.org)/ 21   [*http://www.who.int/nutrition/GA\_decade\_action*](http://www.who.int/nutrition/GA_decade_action) 22 The 10 countries are: Afghanistan, Chad, Democratic Republic of the Congo, Lao PDR, Malawi, Senegal, Sri Lanka, Uganda, Tanzania and Zambia Case example: Afikepo Project, Malawi Afikepo is a joint multi-sectoral ***programme*** between the Government of Malawi, the EU, DFID, GIZ and FAO, to address undernutrition. It has adopted an integrated approach across four pillars: 1. Nutrition-sensitive ***agriculture***; 2. Primary health care, water and sanitation; 3. Behavioural change and communications for optimal feeding and care practices; and 4. Governance, capacity development, research, monitoring and evaluation, and fortification. The EU Delegation is contributing EUR 70 million of the EUR 75 million total, over six years, specifically to address pillars 1, 2 and 4; and the ***programme*** will cover over a third of the country's districts plus its capital city, Lilongwe. 11 One of the recommendations from last year's Progress Report was to invest in services and support that improve child survival. Progress on this is most clearly evidenced by the Commission's 2014-2016 commitments for 'basic nutrition'23 ***interventions***, which tend to be nutrition-specific ***interventions*** delivered through the health sector. Investments in nutrition-specific ***programmes*** have nearly quadrupled between 2014 and 2016 (see Annex 1 for a detailed breakdown). Figure 4 shows the balance between investments in nutrition-specific and nutrition-sensitive actions since 2014. The Commission sees specific comparative advantage in EU's leading role as a donor in ***agriculture***, food security and food systems, so it is to be expected that the nutrition-sensitive investments dominate. But, interestingly, as investments in nutrition have increased, so the proportion of investments in nutrition-specific have increased (rising from 14.7 % of the total in 2014 to 21.8 % in 2016). This increasing prominence of nutrition-specific ***programming*** (including through health) is a positive evolution. Another development in the Union's support to nutrition has been in the use of the budget support aid modality (see Figure 5). Figure 5: EU's Nutrition Commitments through Budget Support, 2014-2016 (EUR million) The budget support modality was not used at all in 2014 for nutrition purposes; it was used in 4 countries24 in 2015; and in 5 others25 in 2016. Since using budget support for nutrition, the most striking change is in the financial value associated with each budget support commitment, averaging EUR 8.2 million in 2015 (for each of 4 countries) compared to nearly EUR 35 million in 2016 (for each of 5 countries). Thus, it is this increase, and not spread over more countries, that has ***produced*** the steep ascent to a total of nearly EUR 175 million in 2016. The profile of implementing partners associated with the EU's funding decisions on nutrition has changed somewhat over the last three years, as show in Figure 6. 23 DAC code 12240 24 Cape Verde, Honduras, Senegal and Peru. 25 Bolivia, Chad, Burkina Faso (in two separate funding decisions), Niger and Rwanda Figure 4: Directorate-General for International Cooperation and Development Nutrition-Sensitive/Specific Commitments, 2014-2016. EURO million     0    20    40    60    80    100    120    140    160    180    2014    2015    2016    EUR million 12 Figure 6: Proportion of EU Funding by Implementing Partner The biggest shifts are in the proportion of funding going to partner country governments and to UN bodies. In 2016, partner governments received 71.5 % of the funding that included nutrition26 (compared to 1.2 % in 2014). In contrast, the share going to UN bodies has dropped from 54.7 % to 14.1 % in the three years. These shifts in relative importance need to be understood in the context of significant rises in the size of the overall commitments to nutrition. UNICEF and FAO are consistently amongst the top three recipients, both in terms of size of funding and number of ***programmes***. Funding to EU Member States Development Agencies has been relatively consistent in amount and share, though the number of Member States has increased (and thus the average allocation to each Member State has decreased) since 2014. Germany's GIZ is consistently the most important partner, followed by the UK's DFID and France's AFD. 2.3 Progress in ***Strategic*** priority 3: Knowledge for nutrition (strengthening the expertise and knowledge-base). The EU endeavours to ensure that policies, strategies and actions on nutrition should be based, as far as possible, on evidence of their cost-effectiveness and impact. This is crucial if resources are to be used for maximum results. It includes both information systems to capture relevant lessons, as well as applied research to identify the specific contribution that nutrition-sensitive actions can make in addressing undernutrition. In the 2015 commitments, projects that addressed ***Strategic*** Priority 3 were equally divided across research and information. The First Progress Report featured the development of the National Information Platforms for Nutrition (NIPN). NIPNs are designed specifically to support governments to both strengthen the evidence base for national policies and priorities; and to enhance national capacity to ***produce*** and use reliable data relevant to nutrition. A group of eminent experts - the Expert Advisory Group - has been convened to provide critical technical and ***strategic*** support to the Global Support Facility that manages the NIPN ***programme***.27 The first platforms are expected to start operating in 2017. 26 This analysis uses the total budgets for the Action Documents, not just the allocation to nutrition within them. This is because it is not possible to determine the precise funding, per implementing partner, for the nutrition component only. 27 For more information, see   [*http://www.agropolis.org/project-management/NIPN-project.php*](http://www.agropolis.org/project-management/NIPN-project.php) 13 In order to enhance knowledge and expertise for nutrition at the country level, the Commission has developed a new ***programme*** in partnership with FAO: FIRST (Food and Nutrition Security Impact, Resilience, Sustainability and Transformation). FIRST has deployed officers in 1628 countries which are providing nutrition-focused support and expertise to Ministries of ***Agriculture*** in the EU's priority countries. FIRST officers facilitate the embedding of nutrition into the countries' ***agriculture*** and food security policies. They are providing assistance to support coherent governance and coordination, and to strengthen human and institutional capacities in food and nutrition security. In five of these 16 countries the EU has Budget Support ***programmes*** with nutrition objectives for a value of EUR 722 million to enhance policy reforms. The support of the FIRST officer in combination with these Budget Support ***interventions*** is likely to have a lasting impact in the way countries design and implement nutrition enhancing policies. The Commission's Nutrition Advisory Service has delivered training to FIRST officers to ensure awareness of global best practices in tackling under nutrition. Another important development is the Commission's role at the forefront of efforts to provide guidance on improving the nutritional outcomes of ***agriculture***, food and public health policies and ***programmes***. To that end, the Commission co-hosted a meeting with FAO, in September 2016, bringing together researchers, including the Joint Research Centre, UN agencies, NGOs and donors to explore how indicators of individual dietary diversity, particularly the newly developed minimum dietary diversity for women (MDD-W)29, can be incorporated into routine monitoring and regular surveys. The MDD-W is the first simple global tool to assess the dietary quality of women. It thus captures gender dimensions and dietary diversity, which are both central considerations for nutrition-sensitive ***interventions***. A Way Forward for MDD-W30 was developed with the meeting's participants, to promote the dissemination and uptake of the indicator at country, regional and global levels. A Coordination Team of principal stakeholders has been established to maintain momentum, with FAO providing coordination support. 28 Guatemala, Honduras, Burkina Faso, Niger, Chad, Ethiopia, Rwanda, Kenya, Pakistan, Mozambique, Afghanistan, Cambodia, Timor Leste, Sri-Lanka, Mali and Lao People's Democratic Republic 29 The MDD-W is a dichotomous indicator of whether or not women 15-49 years of age have consumed at least five out of ten defined food groups during the previous day and night (i.e analysis is in terms of whether it has been achieved or not). The proportion of women 15–49 years of age who reach this minimum threshold of dietary diversity (i.e five or more food groups) can be used as a proxy indicator for micronutrient adequacy. The MDD-W has been included within the Results Framework of the Comprehensive Africa ***Agriculture*** Development ***Programme*** (CAADP) and the Integrated Food Security Phase Classification (IPC) for acute malnutrition. 30   [*http://www.fao.org/nutrition/assessment/tools/minimum-dietary-diversity-women/mdd-w-workshop-sep-2016/en/*](http://www.fao.org/nutrition/assessment/tools/minimum-dietary-diversity-women/mdd-w-workshop-sep-2016/en/) Case example: Research on Food Fortification and Micronutrient Deficiencies More evidence is needed to guide the design of policies and ***programmes*** concerned with tackling micronutrient deficiencies. The Commission is supporting research and pilot ***programmes*** to generate evidence on the relative cost effectiveness and impact of various approaches, including dietary diversification, behaviour change and fortification, on reducing micronutrient deficiencies. In 2016, the Commission services launched 10 pilot ***programmes*** in 8 countries (Chad, Democratic Republic of the Congo, Ethiopia, The Gambia, Kenya, Madagascar, Niger and Sudan) committing EUR 33.3 million over 4 to 5 years. An additional EUR 2.2 million will address critical evidence gaps. The ***programmes*** will explore impact pathways around three key areas: supporting Governments to build robust legal frameworks; increasing the capacities of local private sector operators to fortify foods; and most importantly, to develop strong monitoring frameworks that will generate evidence of impact at the individual level. A Food Fortification A

dvisory Service has been established to build capacities across the Commission's nutrition priority countries so as to ensure that the learning from the research and projects informs policies and implementation strategies. Crucially, improved surveillance will ensure a strong focus on the poorest and most vulnerable sub-groups. 14 3. Progress in Reducing Stunting by 7 million by 2025 Careful monitoring of the stunting situation is a critical component of the European Union's work within the framework of the Action ***Plan*** on Nutrition. It was this need that led the Commission to develop a tool to monitor stunting, allowing for more timely updates when new survey results become available. Indeed this tool has been integrated into WHO's tracking system that monitors progress of all six global nutrition targets agreed at the WHA in 2012. Before examining progress in reducing stunting, two important factors have to be borne in mind: Firstly, any 'progress' cannot be attributed only to the EU actions or its financing. The reduction of stunting across these high-burden countries has been brought about by the numerous efforts of numerous players, not least each country's government and civil society groups. The efforts of the Commission's services are amongst these many contributions that are bringing about progress. Having said that, Commission services are working closely with partners to develop a methodology that will help improve the understanding of what is the impact of EU funding for nutrition alone on stunting reduction at country level in the priority countries. Secondly, reducing stunting is a medium-to-long term undertaking. There is an inevitable time lag between increased investments, scaled-up actions and the impact on stunting reduction. Moreover, it cannot be assumed that there is a direct causal relationship between investments and impact on stunting, unless this has been fully evaluated in each context. So, bearing these caveats in mind, a detailed analysis of the situation in the priority countries of the Action ***Plan*** on Nutrition has been made to provide insights into the progress towards the 7 million stunting reduction target.31 Figure 7: Stunting Progress in the EU's 40 Countries Prioritised for Nutrition Compared to last year's analysis, it is anticipated that an additional 1 million children will be averted from stunting in 2025. This demonstrates a doubling in the anticipated number of stunted averted, bringing the total calculated this year32 to 2 million (taking account of new survey data as well as revised population projections). Figure 7 illustrates this graphically. 31 The global picture in stunting reduction, and progress towards the 2025 40 % reduction target, will be published by WHO after the publication of this report. 32 Taking this year's group of 42 priority countries, it is estimated that 1.13 million children will be averted from stunting. We calculate that more children will be averted from stunting in the group of 40 countries, than the 42, because of the influence of the large number of stunted children in Sudan (which was not included last year). 15 Since last year, an extra 1 million children are estimated to have been averted from stunting by 2025. There is encouraging progress in the accelerating pace of stunting reduction33: despite demographic growth, the rate of stunting reduction is increasing. It is likely that even greater progress will be seen in the next few years when the increased investments in 2015 and 2016 (that will be discussed in the next section) start to deliver impacts. Since last year, the rate of stunting reduction has accelerated. Together with Member States, other development partners, as well as partner governments, it is reasonable to be optimistic and anticipate that the number of children averted from stunting will continue to increase over the next 9 years. The 7 million reduction target is achievable if nutrition continues to be prioritised as a national and international concern. The Union's contribution is further explored at the country level, to see what more can be done. This is described in the Country Profiles ([*https://ec.europa.eu/europeaid/nutrition-map\_en*](https://ec.europa.eu/europeaid/nutrition-map_en)), where the actual, ***planned*** and potential role of EU Delegations to support partner governments is outlined. One of the interesting developments in the design of the Union's external assistance is the increased prominence of stunting as an objective of ***programmes***. Looking at the 30 funding decisions taken in 2015, 59 % included stunting reduction as an objective. It is expected that even further integration of stunting will be seen in the coming year's commitments. 4. Progress in spending EUR 3.5 billion on nutrition by 2020 This section considers EU nutrition investments. Aside from the European Commission services, 5 EU Member States (France, Germany, Ireland, Netherlands and United Kingdom) are reporting their bilateral investment figures to the Global Nutrition Report (GNR) officially to track their Nutrition for Growth commitments. The amount reported in 2014 for these 5 EU Member States totalled EUR 413 million.34 Regarding the investments made through the EU budget,, analysis has been made across the years 2014, 2015 and 2016. The EU is making important progress in encompassing nutrition within its international development assistance. Since 2014 the EU invested in nutrition EUR 1.8 billion, which corresponds to 51% of its financial commitment for 2014-2020. Figure 8 shows a particularly marked jump in the EU's nutrition commitments in 2015. These commitments span 30 projects to individual countries or multi-country ***programmes*** (with an additional 6 projects in support of humanitarian operations). Annex 1 provides full tabular breakdown of these figures. 33 The average annual reduction rate of stunting (AARR), calculated last year (for 2015 to 2025) was 1.33 %; this year it is 1.38 % (for 2016 to 2025). 34 See GNR 2016,   [*http://ebrary.ifpri.org/utils/getfile/collection/p15738coll2/id/130383/filename/130594.pdf*](http://ebrary.ifpri.org/utils/getfile/collection/p15738coll2/id/130383/filename/130594.pdf) Detailed amounts per country for 2014 are as follows (UK: EUR 332 million, Germany: EUR 79 million, Netherlands: EUR 2 million. Ireland only reported disbursements but not commitments for 2014. France reported neither commitments nor disbursements in 2014). . 16 There has been a three-fold increase in the Union's nutrition commitments in 2016 compared to those of 2014 (the beginning of the commitment period). This increase is a direct result of the concerted efforts by EU Delegations and the Commission services to ensure that the EU's nutrition agenda is translated into action including investments in training and guidance material. Projects supported by the Directorate-General for Humanitarian Aid operations and European Civil Protection focus mainly on wasting prevention but also contribute to stunting reduction. The EU's investments are being targeted to those countries that are of ***strategic*** priority for nutrition. As was shown previously in Figure 2, nearly 90 % of EU nutrition commitments managed by Directorate-General for International Cooperation and Development since 2014 have been to the EU's priority countries. The geographic spread of the 2014-2016 commitments is shown in Figure 9. The size of each country's bubble corresponds to the percentage share of the total nutrition commitments made across the three years. Figure 8: Nutrition Commitments 2008-2016 EUR millions Figure 9 Directorate-General for International Cooperation and Development Nutrition Commitments 2014-2016 (EUR million), in Priority and Non-priority Countries, Proportional to their Share of the Total Allocation of EUR 1133.7 million 17 Figure 11: 2015 EU Commitments of the Directorate-General for International Cooperation and Development by Focal Sector, EUR million Beyond geography, it is also possible to examine the ***strategic*** use of these resources in terms of stunting. Comparison of countries' financial commitment to nutrition expressed in relation to their burden of stunting (using 2015 estimates), i.e euros per stunted child is shown in Figure 10. However, the wide range in funding per stunted child per country provides only a crude analysis, since the nature of undernutrition, the opportunities for engagement, and the scale of the problem will all differ markedly country-to-country. In terms of focal sector, the EU nutrition commitments managed by the Directorate-General for International Cooperation and Development in 2015 (EUR 309.6 million) were mainly through food and nutrition security and sustainable ***agriculture*** (FNSSA, 56 %, as shown in Figure 11). In 2016, the proportion of nutrition funding through FNSSA increased to 87.9 % (of the EUR 594.2 million total), with 6.5 % through health. Figure 10: Nutrition Commitments managed by Directorate-General for International Cooperation and Development in 2014-2016 (EUR per stunted child estimated for 2015) 18 In order to ensure that the remaining time in the 2014-2020 ***programming*** period is used to its maximum potential to secure the achievement of the EU's commitments, the funding situation for each EU Delegations has been scrutinised. In broad terms, the 42 countries that prioritised nutrition in their focal sectors (FNSSA, Health or Education) still have approximately 20 % of the initial funding allocated to these three sectors remaining to be committed (see Figure 12). These EUR 1.423 billion constitute significant ***strategic*** potential for nutrition. Future ***programmes*** linked to these un-committed funds can be designed to incorporate nutrition considerations alongside other objectives. More specifically, the situation for each EU Delegations is shown in their Country Profile, and summarised in the map in Figure 13. Five35 of the EU's countries prioritised for nutrition each have in excess of EUR 100 million which have not yet been fully committed; and four36 more have between EUR 50 million and EUR 100 million. These are all highburden countries in terms of stunting, and signify the potential that can still be leveraged to achieve both of the EU's commitments in nutrition. And this is not about pushing nutrition to the front of the funding queue; it is about incorporating nutrition into the design of ***programmes*** in these focal sectors (FNSSA, Value Chains, Health and Education among others). As discussed earlier, nutrition can be integrated to, and help to further, broader objectives around sustainable growth, resilience, climate change adaptation and, crucially, gender. 35 Afghanistan, Bangladesh, Ethiopia, Pakistan and Sri Lanka 36 Burundi, Cambodia, Lao PDR and Myanmar Figure 12 Total commitments, 2014-16, of 42 EU Delegations that prioritised nutrition in FNSSA, Health or Education, out of a total allocation of EUR 6,984 million (as of February 2017) 19 5. Conclusions and Future Priorities The progress reports provide insights into how the EU is working to help secure success with regard to its nutrition commitments. They describe and analyse the financial contributions that the EU is providing for nutrition as well as the stunting reduction progress evidenced in partner countries. The European Parliament37 has specifically called on the Commission to:- - Mobilise 'long-term financial investments in food and nutrition security [...] and to enhance food and nutrition security through enhanced governance and accountability and systemic policies on food and nutrition'; - 'Support the definition and implementation of context-specific, feasible and robust national nutrition targets in line with the SDGs'; - '[…] report regularly on progress made under the nutrition for growth commitments using a common resource-tracking methodological approach as agreed at the 2013 Scaling up Nutrition Movement (SUN) Network meeting in Lusaka'; and - -'to honour its commitment to invest EUR 3.5 billion in order to reduce stunting by at least 7 million by 2025'. The Commission is taking steps to actively address these requests. The preceding sections provide insights into how the work of the Commission is shifting in incorporating nutrition not only in its actions but in its ***programme*** objectives, policy discourse, and wider development ambitions in support of partner countries. The Commission recognises the opportunity to achieve more with its financial and political resources, and will continue incorporating nutrition through all levels of its work. 37 European Parliament resolution on the next steps towards attaining global goals and EU commitments on nutrition and food security in the world (2016/2705(RSP)).   [*http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P8-TA-2016-0375+0+DOC+XML+V0//EN*](http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P8-TA-2016-0375+0+DOC+XML+V0//EN) Figure 13: Remaining Funds to be Fully Committed from the 2014 to 2020 ***Programming*** Period in FNSSA, Health and Education 20 The EU-Africa Research and Innovation Partnership on FNSSA is ***programming*** Research and Innovation Actions on Food Systems Africa with funding allocated in Horizon 2020. The EU's nutrition pledge of mobilising EUR 3.5 billion between 2014-2020 is within reach. The Commission needs to be especially ***strategic*** over the years that remain to reach the EU's financial target and the nine years to reach the stunting target. Specifically, Commission services will aim to: 1. Continue and deepen the geographical focus of the Commission's work in nutrition, by supporting EU Delegations that have significant potential to integrate nutrition-sensitive ***programme*** design. Uncommitted funds in key focal sectors such as FNSSA, Health and Education, as well as others such as Governance, could be leveraged to achieve nutrition results, alongside other development goals. As mentioned earlier, this is about creating synergies within ***programmes***, not derailing ***plans*** in order to accommodate nutrition. This is a win-win proposition. 2. Strengthen partnership approaches in nutrition, including the extension of Joint EU ***Programming*** to more countries. Cooperation with EU Member States, and ensuring coordinated support to partner countries, is a priority. 3. Leverage the EU's political capital as an agent for change in nutrition, by working in close cooperation with international initiatives such as the SUN movement, to secure the political attention and support needed for nutrition. There are several opportunities in 2017, including under the auspices of the Italian G7 Presidency where Nutrition for Growth follow-up event will be organised in Milan on the 4th of December. 4. Maintain close monitoring of the stunting situation in priority countries38 by applying the innovative tools developed by the Commission. The detailed analyses on how stunting has evolved to date, and what needs to be done to reach the country's national and/or World Health Assembly (WHA) target provide partner governments, EU Member States as well as EU Delegations, critical insights that can feed into national ***plans*** and priorities. In doing this, the Commission will work in close cooperation with the technical team in WHO responsible for tracking countries' progress in the global WHA nutrition targets. 5. Give greater attention to see that existing materials and resources concerning nutrition are known about and used by partner countries, EU Member States and EU Delegations – particularly the new Country Profiles on Nutrition. This also includes material from other Commission services such as the uptake of results of nutrition research, funded by the EU's research and innovation ***programmes*** (eg. FP7, Horizon 2020), specifically in the framework of the EU-Africa Research and Innovation Partnership on food and nutrition security and sustainable agriculture39. 6. Further the progress that has already been made in creating a 'culture' of nutrition-sensitivity that spans the policy and ***programming*** domains. This is seen most clearly in the application of MDD-W, as both a policy objective as well as a nutrition (and gender) sensitive indicator of ***agriculture*** and food systems ***programmes***. These actions are ambitious but also within reach. The Commission will aim to continue the progress that has already started by leveraging EU resources and wider political commitment to nutrition. 38 Indeed the tool developed by the Commission for this purpose has been integrated into WHO's tracking system that monitors progress of all six global nutrition targets agreed at the WHA in 2012. 39 JOIN (2017) 17 21 Annex 1 EU Commitments to 'basic nutrition' managed by the Directorate-General for International Cooperation and Development (EUR millions) 2014 2015 2016 42 priority countries 23.4 53.0 129.4 Other countries 0.5 Research, information, fortification, governance 6.5 Technical assistance /support 3.5 Total 33.9 53.0 129.4 22 Annex 2 EU nutrition commitments, 2008-2016. The table specifies the EU commitments managed respectively by the Directorate-General for International Cooperation and Development and the Directorate-General for European Civil Protection and Humanitarian Aid Operations as well as the categorisation of the nutrition commitment: specific, dominant or partial. All figures are in EUR millions. DG DEVCO Total DEVCO DG ECHO Total ECHO Total EU Specific Dominant Partial Dominant Partial 2008 - - 122.8 122.8 7.0 149.2 156.2 279.0 2009 60.8 46.6 150.9 258.3 28.0 161.9 189.9 448.2 2010 50.6 25.2 46.9 122.8 146.1 103.3 249.4 372.2 2011 1.8 11.0 87.1 99.8 51.4 169.9 221.3 321.2 2012 18.7 25.0 161.8 205.5 141.5 94.9 236.4 441.9 2013 66.8 41.1 97.8 205.7 130.0 130.5 260.5 466.2 2014 33.9 25.0 171.0 229.9 91.5 133.2 224.7 454.6 2015 53.0 18.1 238.6 309.6 87.5 149.5 237.0 546.6 2016 129.4 167.5 297.3 594.2 - 195.8 195.8 790.1 All years 415.0 359.5 1374.2 2148.7 683.0 1288.3 1971.3 4119.9 2014 -2016 216.3 210.6 706.9 1133.7 179.0 478.5 657.5 1791.2 Note: Commitments up to and including 2015 reflect those published through the OECD DAC (Development Assistance Committee). The 2016 figures are preliminary estimates, using data on the Commission's Information Systems. The determination of whether the EU's commitments should count as nutrition-specific or nutrition-sensitive is made according to the methodology agreed by the SUN Donor Network in 2013.40 Nutrition-specific commitments count in their entirety; Nutrition-sensitive dominant count in their entirety; and nutrition-sensitive partial count for 25% of the total commitment. In terms of progress towards the EUR 3.5 billion spending commitment, the total across 2014 to 2016 is displayed in blue. It is striking that the EU commitments for the last 3 years (2014-2016) exceeds that for the previous 6 years (2008-13). This 'surge' in the 11th EDF signals how seriously the Commission is taking its funding commitment. 40 Methodology and Guidance Note to Track Global Investments in Nutrition, December 2013. This is being used by the UK, Germany, Netherlands, France, Ireland, USA, World Bank, Canada etc.

**Load-Date:** August 1, 2017

**End of Document**



[***-LiCo Energy Metals to Acquire Ontario Cobalt Property from Glencore plc***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PDP-FW11-JD3Y-Y2X6-00000-00&context=1516831)

ENP Newswire

September 6, 2017 Wednesday

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**Body**

Vancouver, British Columbia; - LiCo Energy Metals Inc. ('the Company' or 'LiCo') TSX-V: LIC, OTCQB: WCTXF is pleased to announce that it has entered into a property Purchase

Agreement effective August 31st, 2017 with Glencore Canada Corporation (subsidiary of Glencore plc) ('Glencore') of Baar Switzerland, LSE: GLEN to acquire a 100% interest in mining rights patent 585 (the 'Glencore property') situated in Bucke Township, 6 km east-northeast of Cobalt, Ontario. The Purchase Agreement includes a back-in provision, production royalty and an off-take agreement in favor of Glencore.

Glencore is one of the world's largest ***producers*** of cobalt as a result of by-products created from its copper assets in the DRC and nickel assets in Australia, Canada and Norway.

'We are very excited to acquire this ***strategic*** Canadian property from Glencore. The property is conveniently located adjacent to our current Teledyne Cobalt property, and this purchase agreement allows LiCo to expand upon one of Glencore's longstanding Canadian cobalt assets. If all goes as ***planned***, we could be selling all our cobalt ***produced*** back to Glencore in the future. It is a property sale, but we have also found a significant future customer.' states Tim Fernback, LiCo's President & CEO.

Strategically, the Glencore property consists of 16.2 hectares and sits along the west boundary of LiCo's Teledyne Cobalt Project that covers the southern extension of the former ***producing*** 15 Vein on the past-***producing*** Agaunico Mine Property. Historically, the Agaunico Mine ***produced*** 4,350,000 lbs. of cobalt and 980,000 oz. of silver during the mining boom of the early 1900's (Cunningham-Dunlop, 1979).

In the early 80's the Glencore property was explored by 36 surface diamond drill holes totaling 3,323 m. The drilling ***program*** outlined two separate vein systems hosting significant cobalt and silver values. The two zones are known as the Main Zone, measuring 152.4 m in length, and the Northwest Zone, measuring 70.0 m in length. The Main Zone had a north-south strike, which is hypothesized as the southern extension of the #3 vein from the Cobalt Contact Mine located immediately to the north of lease #585 (Bresee, 1982). Additional work was recommended but never completed due to a downturn in cobalt prices at the time.

On LiCo's adjacent Teledyne property, historical drilling also encountered two zones of cobalt/silver mineralization extending from the boundary of mined zones at the Agaunico Mine in a north-south direction. In 1980, Teledyne completed a 700 m long production decline to reach the mineralization encountered in their surface drill ***program***. Both the surface and underground drilling ***programs*** confirmed the extension of the Agaunico cobalt zones onto the Teledyne property for a strike length of 152.4 m. In addition, the drill ***program*** encountered a second zone with a strike length of 137.2 m. The most significant results included 0.644% Co over 16.9 m, 0.74% Co over 8.7m, and 2.59% Co over 2.4 m (Bresee, 1981).

'We are delighted to add this Glencore property to our land position in Canada. By adding drill indicated cobalt mineralization from the Glencore property with similar mineralization as that found at our nearby Teledyne property, we have greatly enhanced LiCo's potential for finding an economic cobalt deposit. I am looking forward with great interest to seeing the results of the upcoming drill ***programs*** scheduled for both the Glencore and Teledyne properties this fall.' commented Mr. Dwayne Melrose, Director and Head of the Technical Advisory Board of LiCo.

Terms of the Acquisition

Purchase Price - The Purchaser shall pay to the Vendor the sum of $ 150,000 on the Approval Date and pay to the Vendor the sum of $ 350,000 within 6 months after the date of the Agreement (the 'Closing Date'). In addition, prior to the Closing Date during the Acquisition Period, the Purchaser shall incur $ 250,000 in Exploration Expenditures on the Property.

Offtake Agreement - Prior to the commencement of Commercial Production, the Purchaser shall enter into an off-take agreement with the Vendor for all ores and/or concentrates ***produced*** from the Property and/or the Teledyne Property. The off-take agreement shall be on such terms and conditions as are commercially reasonable and at prevailing market prices;

Production Royalty - The Royalty will consist of a 3.5% of Net Smelter Return calculated on a quarterly basis on all Products extracted from, processed and sold that originate from mining operations on the Property from and after Commercial Production. One-half (1/2) of the Royalty can be purchased for $ 1,000,000 payable to the Vendor or its assignee;

Back-In Option - from and after the Closing Date, subject to Glencore or an affiliate, determining that a discovery of one or more ore bodies having a minimum aggregate in-situ value of $ 100M or more from which minerals can be feasibly extracted, the Purchaser grants to the Vendor or its nominated affiliate an irrevocable, sole and exclusive right and option to acquire from the Purchaser a 51% interest in the Property and all Property Rights, free and clear of all burdens of any nature or kind. Once the Back-in Option is exercised a joint venture will be formed and a management committee established with representatives of both companies.

About Glencore

Glencore plc is a leading integrated commodity ***producer*** and trader, operating worldwide with diversified operations comprising around 150 mining and metallurgical, oil production and ***agricultural*** assets. Glencore's industrial and marketing activities are supported by a global network of more than 90 offices located in over 50 countries where they employ around 155,000 people, including contractors. Glencore trades in and distribute physical commodities sourced from third party ***producers*** as well as their own production. The company also provide financing, processing, storage, logistics and other services to commodity ***producers*** and consumers.

About LiCo Energy Metals

LiCo Energy Metals Inc. is a well funded Canadian based exploration company whose primary listing is on the TSX Venture Exchange. The Company's focus is directed towards exploration for high value metals integral to the manufacture of lithium ion batteries.

Chile Purickuta Lithium Project

The Purickuta Project is located within Salar de Atacama, a salt flat encompassing 3,000 km2, being about 100 km long, 80 km wide and home to approximately 37% of the worlds Lithium production. The salar possesses a very high grade of both Lithium (1,840mg/l) and Potassium (22,630mg/l and is close to power, labour, communications, transportation and other infrastructure. The property of 160 hectares is enveloped by a concession owned by Sociedad Quimica y Minera ('SQM') and lies, significantly, within a few kilometers of the property of CORFO (the Chilean Economic Development Agency) where its leases to both SQM and Albermarle's Rockwood Lithium Corp Together these two companies have combined production of over 62,000 tonnes of LCE (Lithium Carbonate Equivalent) annually making up 100% of Chile's current lithium output. The unique characteristics of Salar de Atacama make finished lithium carbonate easier and cheaper to ***produce*** than any of its peer group globally.

Purickuta is a smaller exploitation concession rather than a large exploration concession thereby accelerating the task of taking the project to a potential production scenario. Currently, the Chilean government retains ownership of lithium separate from other minerals and thus production can only proceed upon receipt of a special lithium operation contract know as a 'CEOL'. In the future, it will be necessary for LiCo and partner to negotiate a production contract with CORFO concurrently with completing any positive feasibility study. 'Chile, which has one of the world's most plentiful supplies of lithium, is pushing ahead with new policies to develop those reserves'. (Reuters Jan 2, 2017).

Ontario Teledyne Cobalt Project:

The Company has an option to earn 100% ownership, subject to a royalty, in the Teledyne Project located near Cobalt. Ontario. The Property adjoins the south and west boundaries of claims that hosted the Agaunico Mine. From 1905 through to 1961, the Agaunico Mine ***produced*** a total of 4,350,000 lbs. of cobalt and 980,000 oz. of silver (Cunningham-Dunlop, 1979). A significant portion of the cobalt that was ***produced*** at the Agaunico Mine located along structures that extended southward onto property currently under option to LiCo Energy Metals.

Nevada Dixie Valley Lithium Project

The Company has an option to acquire a 100% interest, subject to a 3% NSR, on a large lithium exploration project at the Humboldt Salt Marsh in Dixie Valley, Nevada. The geologic setting and presence of lithium in active geothermal fluids and surface salts in Dixie Valley match characteristics of ***producing*** lithium brine deposits at Clayton Valley, Nevada and in South America.

Nevada Black Rock Desert Lithium Project

The Company has entered into an option agreement whereby the Company may earn an undivided 70% interest, subject to a 3% Net Smelter Return Royalty, in the Black Rock Desert Lithium Project that consists of 128 placer claims (2,560 acres/ 1,036 hectares) in southwest Black Rock Desert, Washoe County, Nevada.

The Company is ***planning*** an exploration ***programs*** for all its properties over the next several months.

Disclaimer for Forward Looking Information

This news release may contain forward-looking statements which include, but are not limited to, comments that involve future events and conditions such as TSX Venture Exchange approval of any Option Agreement for the acquisition of an interest in the Purickuta Project, the satisfaction of any obligations and conditions that may be contained in such Option Agreement, and the Company's ability to exercise the Option, which are subject to various risks and uncertainties. Except for statements of historical facts, comments that address resource potential, upcoming work ***programs***, geological interpretations, receipt and security of mineral property titles, availability of funds, and others are forward-looking. Forward-looking statements are not guarantees of future performance and actual results may vary materially from those statements. General business conditions are factors that could cause actual results to vary materially from forward-looking statements.

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**End of Document**



[***Register of Commission documents:Annex to Commission Implementing Decision adopting an Annual Action Programme for Montenegro for the year 2017 Part 2, EUR 15 million Document date: 2017-09-04 COM-AC\_DR(2017)D052806-01 Comitology - Right of scrutiny***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PV5-VR61-F0YC-N1JF-00000-00&context=1516831)

Impact News Service

October 27, 2017 Friday

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**Body**

Brussels: Public Register European Parliament has issued the following document:

ANNEX

Annual Action ***Programme*** for Montenegro for the year 2017 part 2

* Identification

* Description of theAction ***Programme***

* Sectors selected under this Action ***Programme***

1. Rationale for the selectionof thespecific sectors under this ***programme***:

The Annual Action ***Programme*** for Montenegro for the year 2014 contributed to the achievement of the objectives identified in the Indicative Strategy Paper 2014-2020 (ISP) of Montenegro[1] through formulating actions covering six of the eight priorities defined in the ISP. The first sectors initially covered by IPA II funds included Democracy and governance, the Rule of lawand fundamental rights, Environment and Climate Action, Transport, Competitiveness and Innovation, and the ***Agriculture*** and rural development sector. Following the sector approach the AnnualAction ***Programme*** for Montenegro for the year 2015 covered Democracy and governance and the Rule of law and fundamental rights sectors. It also included the first sector budget support ***programme*** aimed at supporting the implementation of the Integrated Border Management Strategy.

|  |  |
| --- | --- |
| Beneficiary | Montenegro |
| CRIS/ABAC Commitment references Total cost EU Contribution Budget lines | IPA/2017/ 040-217  EUR 15 000 000  (22.020101) EUR 15 000 000 EUR 15 000 000 22.020101 |
| Management Mode/ Entrusted entities | Direct management by the European Commissionfor all activities with the exception of 2 complementary activities: - Support to upgrade the Single information system for the exchange of data among state registers (SISEDE) and - Support to the elaboration and implementation of a national rightsizing ***Plan*** which will be implemented through indirect management by the UNDP |
| Final datefor concluding Financing Agreementswith the IPA IIbeneficiary | At the latest by 31 December 2018 |
| Final date for concluding delegation agreements under indirect management | N/A |
| Final date for concluding procurement and grant contracts | 3 years following the date of conclusion of the Financing Agreement, with the exception of the cases listed under Article 189(2) Financial Regulation |
| Final date for operational implementation | 6 years following the date of conclusion of the Financing Agreement. |
| Final date for implementing the Financing Agreement (date by which this ***programme*** should be de-committed and closed) | 12 years following the conclusion of the Financing Agreement. |
| ***Programming*** Unit | DG NEAR Unit D.1 Montenegro |
| Implementing Unit/ EU Delegation | Delegation of the European Union to Montenegro |

In 2015 Montenegro developed a Regional Development Operational ***Programme*** 2016-2020 (RDOP) to provide a multiannual framework for IPA ***programming*** in Environment, Competitiveness and Transport sectors. Three actions have been prepared in parallel, each covering one of the three sectors identified in the RDOP. Two actions, focusing on economic development and growth by providing assistance to the Environment and Climate Action and Competitiveness and Innovation sectors, were included in the Action ***Programme*** for the year 2016. A third action aiming at the improvement and development of the Transport sector was included in part 1 of the Annual Action ***Programme*** for Montenegro for the year 2017. In addition to the assistance provided to the Transport sector, the IPA allocation of 2017 funds also continued its support to the EU Integration Facility and to the participation of Montenegro in Union ***Programmes***.

The present Annual Action Programmefor Montenegro for the year 2017 part 2 (AAP 2017 part 2) will strengthen and complement the existing EU support to the Democracy and Governance sector by focusing this time on the area of Public Administration Reform.

A well-functioning public administration is of fundamental importance for successful political and economic reforms and for implementing EU rules and standards. Therefore, public administration reform is considered to be one of the key priorities of the Enlargement Strategy. Similarly, the 2014-2020 Indicative Country Strategy Paper identifies the reform of the public administration as one of the key sectors to be supported.

The reform of public administration is also in line with the objective of South East Europe Strategy 2020, which recognises that the establishment of a transparent, well-functioning and efficient public administration is a cross-cutting component and a prerequisite for the achievement of any other objective of the strategy.

With a total EU contribution of EUR 15 000 000, the AAP 2017 part 2 will bring added value to Montenegro, as well as to the European Union by supporting the government's efforts to createan efficient, service-oriented and more transparent public administration. The 2017 allocation will help the country to modernise its public administration human resources management, transparency mechanisms and improve service delivery as well as to build the necessary capacities within the national institutions to support the negotiation process and the alignment of the national legislation with the EU Acquis.

* Overview of past and on-going EU, other donors' and/or IPA II beneficiary's actions in the relevant sectors:

In the Democracy and Governance sector, previous actions under IPA I addressed the reform of the civil service and its legal framework.

The 2014 AAP ***programme*** included a number of actions linked to Public Financial Managementand EU acquis alignment with a total EU contribution of EUR 8.97 M. Moreover, the EU Integration Facility supports IPA II implementation and ***programming*** as well as the preparation of the negotiation process with a total of EUR 4.6 M (EUIF 2014), EUR 2.45 M (EUIF 2015) and EUR 2.89 M (EUIF 2017, ***planned***).

The PAR Strategy 2016-2020 was adopted by the Government of Montenegro in July 2016. It is based on the results of the 'Analysis of the effects of the implementation of the AURUM'[2] and on the recommendations of SIGMA, as put forward in the 'Baseline Measurement Report Montenegro 2015'. Furthermore, it is consistent with the enlargement objectives and with the priorities described in several national level ***strategic*** documents.[3]

This action has been designed taking into consideration the lessons learned and the experience gained during the preparation and implementation of the first Sector Budget Support operation in the Rule of Law sector (Integrated Border Management – IBM ***programme***). The degree of maturity of the sector strategy, the existence of a credible Performance Assessment Framework and the importance of continuous policy dialogue were identified as important factors to ensure the effectiveness of such operations.

Complementarity has been ensured with other cooperation partners' existing or ***planned*** activities. In particular, the United Nations Development ***Programme*** is working on a Public Administration Reform ***Programme*** which focuses on transparency, integrity and accountability in the public administration, as well as on e-services and e-government. OECD, through the EU-funded SIGMA ***programme***, is a key partner in the country for the assessment of public governance systems and for strengthening public administration capacities. The World Bank and the International Monetary Fund play an important role in macroeconomic stability and public finance management, especially in the area of tax administration, debt management and fiscal consolidation. The Westminster Foundation has been working on strengthening parliamentary budgetary oversight and the British Embassy on the quality of Regulatory Impact Assessments and on budget transparency (Open Budget Index).

List of Actionsforeseen under the selected Sectors/Priorities:

Democracy and Governance

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Indirect Management with the IPA II beneficiary |  | Other implementation arrangements |  |  |
|  |  |  | ' Action 4-  ' EU Support to Public Administration Reform in Montenegro Direct Management and Indirect Management | EUR 15 000 000 |
|  |  |  | TOTAL | 15 000 000 |

* Description and Implementation of the Actions

|  |  |  |  |
| --- | --- | --- | --- |
| SECTOR 1 | Democracy and Governance |  | EUR 15 000 000 |
| Action 4 | EU Support to Public Administration Reform in Montenegro | Direct Management and Indirect Management | EUR 15 000 000 |

Sector Budget Support

a) Eligibility for budget support

* Public policy

A Public Administration Reform Strategy 2016-2020 was adopted by the Government of Montenegro in July 2016. It is based on the results of the 'Analysis of the effects of the implementation of the AURUM' and on the recommendations of SIGMA, as put forward in the 'Baseline Measurement Report Montenegro 2015'. Furthermore, it is consistent with the enlargement objectives and with the priorities described in several national level ***strategic*** documents.  The main objectives of the PAR Strategy are: a) improvement of the competences and organization of civil servants at all level of the administrative system b) reorganization of agencies exercising public powers c) improvement of the process of selection of candidates and of the existing performance appraisal system d) delivery of administrative services at the highest possible level e) establishment of a comprehensive system of mid-term policy ***planning*** f) more functional and more efficient local self-government units.The Strategy has a detailed action ***plan*** for the first two years of implementation (2016-2017), which includes indicators for all specific objectives, with baselines and targets. An action ***plan*** for the period 2018-2020 will be approved in 2017, including an update of the total cost.

The Ministry of Public Administration will be responsible for monitoring and reporting on the implementation of the Strategy, while the primary responsibility for the achievement of the objectives will stay with the identified lead entities. A Performance Assessment Framework has been put in place, with the first progress report to be ***produced*** in May 2017.

On the basis of the available information, it can be concluded that a credible and relevant strategy is in place for ***intervention*** in the public administration sector.

* Macroeconomic policy

The current growth model of Montenegro is dominantly based on investments and services, mainly tourism, transport and retail sales. Montenegro experienced modest GDP growth in the period 2014-2016, averaging 2.6%.After a period of weak inflation and decrease of consumer prices, inflation should gradually rise and stabilise around 2% in the period 2016‐2018.[4]

The Government pursues fiscal incentives and public infrastructure projects to promote economic development and connectivity. Although the government’s growth strategy can bring substantial gains, it also carries sizable risks, notably to the public finances, especially if combined with social allowances and public wage hikes. The IMF projects budget deficit percent to increase to 7.5% of GDP in 2017.  High fiscal deficit feeds into increasing general government debt, which is projected to reach 82% of GDP by 2019.[5]

The trade deficit increased in 2016, mostly due to an increase of imports of construction materials and equipment, mainly driven by the infrastructure projects. Employment growth remains modest, despite stronger investment activity, which reflects, inter alia, the non-alignment of education and skills with labour market needs. The banking sector is stable, although low provisioning and weak asset quality remains a concern and could hold back credit growth if not properly dealt with.

Within this framework, the country continues to be vulnerable to fluctuations in external demand and global financial conditions. With shrinking fiscal buffers, and because the economy lacks monetary policy tools, the ability to absorb shocks will depend crucially on the flexibility and competitiveness of the real economy.[6]

The authorities are committed to address vulnerabilities and, with the assistance of the World Bank and the IMF, they are working on a Fiscal Strategy which will complement the ***Plan*** for the Correction of the Budget Deficit and Public Debt adopted in December 2016 with medium-term fiscal consolidation measures in order to put public debt on a downward trajectory. The Fiscal Strategy is foreseen to be approved by June 2017. Together with the implementation of the structural reforms as presented in the Economic Reform ***Programme*** 2017-2019, it will foster growth, increase resilience and boost competitiveness of the economy.

The adoption of a sound Fiscal Strategy together with medium-term consolidation measures is crucial to pursue a credible and relevant stability-oriented macroeconomic policy.

* Public financial management

Montenegro adopted a multiannual Public Finance Management Reform ***Programme*** (2016-2020) in December 2015 which addresses several key weaknesses of the budget system. The objectives of the strategy are twofold: a) strengthen the capacities to identify, prevent and manage fiscal risks, excessive fiscal deficits and harmful macroeconomic imbalances b) Ensure that public spending is structured in a way that maximizes the development impact on the national economy and ensures better quality of life for the citizens.

Montenegro is progressing according to the schedule for many of the PFM sub-systems reforms, although it is having some difficulties in particularly challenging areas, where technical assistance is needed and stronger efforts are necessary to streamline the reforms. In particular, Montenegro will have to focus on the development of a sustainable fiscal framework and on the creation of an efficient system for public expenditures ***planning*** and budgeting. This includes multi-annual sector strategies with reliable recurrent and investment expenditures costing, as well as policy based budgeting.

Despite some delays in the implementation, the overall direction of change of the Montenegrin PFM reform remains positive and the PFM strategy continues to be relevant and credible.

* Budget transparency and oversight of the budget

The Government systematically publishes the budget proposal, the enacted budget and the in-year and final budget execution reports. The State Audit Institution reports are also available.

The Executive's budget proposal for 2016 was published on the website of the Government of Montenegro on 14th November 2015. The enacted budget was published on the web site of the Ministry of Finance on 15th January 2016. Therefore, the entry point for the eligibility criterion on budget transparency and oversight can be considered as satisfied.

A transparency roadmap has been integrated in the Public Finance Management Reform ***programme*** 2016-2020. Here transparency is organized as a horizontal activity, including the improvement of the presentation and visualisation of the annual budget and of in-year reports (monthly and quarterly) according to the best international practices. Whereas most of the actions are due to start in 2017 and 2018, some progress was shown in the implementation of the activities ***planned*** for 2016.

b)    Objectives

The general objective of this Sector Budget Support ***programme*** is to contribute to sustainable growth and to improve competitiveness through the creation of a more transparent, efficient and service-oriented public administration. This will be done by supporting the implementation of the Public Administration Reform Strategy 2016-2020.

The ***programme*** will support a mix of actions both at policy level and with a clear impact on citizens' life, long-term reforms and quick-win reforms, in order to keep momentum and motivation in the implementation of the reform.

The specific objectives of this Sector Budget Support correspond to the following priorities of the PAR Strategy 2016-2020:

* Optimization of the number of civil servants in the public administration in line with state budget constraints and European integration challenges. This will imply the adoption and implementation of a National Rightsizing ***Plan*** and the redistribution and/or reduction of human resources according to the needs of the administration, including meeting the challenges of European integration. In this respect, the update and upgrade of the Central Personnel Records (HRMIS) and its link with the payroll registry will be an essential element, without which any efforts to develop the management and monitoring of public administration are not sustainable. In parallel, it will be necessary to ensure an independent oversight of public administration affairs by strengthening the administrative and technical capacities of the Administrative Inspection Service;

1. Enhancement of human resources management, by giving particular attention to the capacity to ***plan*** and to manage new recruitments as well as to the capacity to manage civil servants' and other employees' professional development according to the needs of an efficient, service-oriented and more transparent public administration;
2. Improvement of the quality and accessibility of public service delivery, with a reduction or simplification of administrative procedures for citizens and business operators. In this respect, the establishment of interoperability among key electronic state registers will be the basis for any further improvement in the provision of services;
3. Improvement of the transparency of public services by making the exercise of the right to free access to information more effective, by reducing the number of complaints, in particular for 'administrative silence', and by decreasing the number of decisions on information requests annulled by the Administrative Court.

The ***programme*** focuses on the most challenging objectives of the strategy, notably the ones where the previous public administration reform (AURUM) did not achieve the expected results and which are of key importance in the enlargement perspective. The ***programme*** also reflects the will to improve the life of citizens in terms of service delivery and increased transparency. In both cases, policy dialogue plays a central role and represents the real added value of the European Commission ***intervention*** in this sector.

The specific objectives are strictly interlinked, which underlines the sectoral approach of this budget support operation. They are also complementary to the ***interventions*** of other donors and will have a structural impact on the Montenegrin public administration system. Moreover, they have been selected in order to ensure sustainability of the results and a positive effect on fiscal consolidation and macroeconomic stability.

The optimization of human resources, in particular, reflects the need to better respond to the citizens' and business' needs, to reduce the increasing weight of annual wages on current expenditures[7] and to free more financial resources for economic growth and competitiveness. At the same time, better resource ***planning*** and a more skilled workforce will benefit the quality of public administration, by creating the conditions for a smoother European Integration process.

Finally, the quality, transparency and accessibility of public services are crucial determinants for a more business friendly administration and a more competitive economy, especially if they are translated in simplified and swifter public administrative procedures.Greater predictability in terms of quality and timing also creates trust and economic benefits for the end users of the services.

c)    Expected results

The expected results of this Sector Budget Support ***programme*** are the following:

* Public administration human resources are optimized in line with European Integration needs and state budget constraints.

1. Increased accuracy of data on number and career of civil servants.
2. Increased capacity to ***plan*** and manage new recruitment.
3. Improved capacity to manage civil servants professional development according to the needs of an efficient, service oriented and more transparent public administration.
4. Simplified and swifter public administrative procedures.
5. Improved access to public information.

d)         Main sector budget support activities

The main activities to implement the budget support package are policy dialogue, financial transfer, performance assessment, reporting and capacity development.

Engagement in dialogue around conditions and government reform priorities, the verification of conditions and the payment of budget support.

e)    Complementary actions

With regard to complementary actions, activities will largely focus upon strengthening the institutional and human resource capacities of the principal stakeholders to drive, coordinate and monitor the implementation of the public administration reform. The proposed actions will develop the beneficiaries' capacities to achieve the expected results. The main recipients will be the Human Resources Management Authority, the Administrative Inspection Service, the E-government Directorate and the Agency for the Protection of Personal Data and Free Access to Information. Technical assistance will be provided also to the Statistical Office of Montenegro (MONSTAT) in order to update the methodology for statistics according to EU regulations and to improve the quality of administrative data sources. Additional support will also be provided to the Ministry of Public Administration to manage external and internal communication, which is considered particularly sensitiveand to the Ministry of European Affairs, in order to further reinforcing ***strategic*** ***planning*** as functional to the elaboration of credible medium term budgetary frameworks. This latter assistance will mitigate one of the identified PFM risks and will increase state budget credibility. Special support will be provided to developing the capacities of civil society in oversight and control as well as to visibility actions.

The complementary actions are ***planned*** to be launched with a suspension clause which will allow for the commencement of the activities early after signature of the Financing Agreement.

Essential elements of the Actionfor direct management:

Procurement:

a) the global budgetary envelope reserved for procurement: EUR 1 000 000

b) the indicative number and type of contracts: 4 service contracts

c) Indicative time frame for launching the procurement procedure:procurement proceduresare expected to  be launched in Q32017.

Grant – Call for proposal – Civil society oversight and awareness activities

* Objectives and foreseen results:

The objective of the grant is to develop the capacity of civil society organisations to perform its oversight role, monitor the evolution and implementation of the reform strategy as well as raise awareness of PAR issues that affect the citizens such as service delivery and accountability of public institutions.

The foreseen result is an increased transparency of the public administration and a strengthenedoversight by the civil society  of the PAR sector.

b)   The essential eligibility criteria are:

* be a legal person and

1. be non-profit-making and
2. be a civil society organisation and
3. be a national of Montenegro or registered in Montenegro[8]

c)   The essential selection criteria are financial and operational capacity of the applicant.

d)   The essential award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.

e) Maximum rate of EU co-financing

The maximum possible rate of EU co-financing is 90% of the eligible cost of the action.

The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

f) Indicative amount of the call: EUR 50 000

g) Indicative date for launch of the call for proposals: Q 3   2017

Grant – Twinning – Call for proposal: Capacity development for Human Resources ***Planning***, Professional development and Training (TWN 1)

* Objectives and foreseen results:

Objective:To develop the capacity of the Human Resources Management Agency (HRMA).

Result:The HRMA capacity is strengthened regarding human resource ***planning***, professional development and training.

* The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

1. Indicative amount of Twinning contract: 500 000 EUR
2. Indicative date for launching the selection procedure: 2017 Q3

Grant – Twinning – Call for proposal : Capacity Development for the Administrative Inspection Services (TWN 2)

* Objectives and foreseen results:

Objective: To develop the capacity of the Administrative Inspection Services (IAS).

Result: The IAS capacity is strengthened regarding oversight of the legality of human resources management practice

* The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

1. Indicative amount of Twinning contract: 250 000 EUR
2. Indicative date for launching the selection procedure: 2017 Q3

Grant – Twinning – Call for proposal ; Capacity development and awareness for the Agency for the Protection of Personal Data and Free Access to Information (TWN 3)

* Objectives and foreseen results:

Objective:To develop the capacity of the Agency for the Protection of Personal Data and Free Access to Information

Result:The Agency for the Protection of Personal Data and Dree Access to Information is better prepared to manage administrative silence cases and raise awareness about access to information rights.

* The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

1. Indicative amount of Twinning contract: 250 000 EUR
2. Indicative date for launching the selection procedure: 2017 Q3

The essential selection and award criteria for Twinning and Twinning Light:

The essential eligibility criteria: applicants must beEU Member State administrations or mandated bodies.

The essential selection criterion is operational capacity of the applicant.

The essential award criteria are technical expertise of the applicant, and the relevance, methodology and sustainability of the proposed action.

The complementary activities with the purposes to Support to upgrade the Single information system for the exchange of data among state registers (SISEDE)and to

Support to the elaboration and implementation of a national rightsizing ***Plan*** will be implemented by indirect management by the UNDP.

Entity entrusted with budget implementation tasks

UNDP has a long-term commitment with the Montenegrin authorities and the European Union Delegation to Montenegro in the area of public administration reform. It has apositive record of working specifically on the local level, in particular by developing a comprehensive functional review of the Human Resources function and management capacities in Montenegrin municipal administrations. Ongoing UNDP projects include a Local Governance ***programme*** supporting inter-municipal cooperation and local finance management and the creation of a government service bus for the exchange of data among state registers.. The complementary actions foreseen under the present sector budget support ***programme*** would have a leverage effect on cooperation with the beneficiaries, would increase efficiency and reduce transaction costs. They would also benefit from the acquired know-how and the networks already established by UNDP at local level.

A delegation agreement will ensure a complete alignment with the work already undertaken and strengthen complementarities and synergies among the activities implemented by the development partners in the sector.

Short description of the tasks entrusted to the entity

The UNDP, in close cooperation with the beneficiaries, will implement afunctional review of the Human Resources of 25 local self-governments in order to align it to the process that will be carried out at central level. It will also be in charge of the follow up of the implementation of the optimisation ***plan*** at local level, of the elaboration of the personnel annual ***plans*** as well as the drafting of the ***strategic*** ***planning*** for the professional development and training of civil servants at local level.

Additionally, the UNDP will further develop the existing Government Service Bus (Single Information System) in order to connect 7 different state electronic registers (Central Population Register; Register of Business Entities; Register of Tax Payers; Register on Number of Children in Educational Institutions; Criminal Records; Employment Records and Cadastre).

The entrusted entity shall be responsible for carrying out all the tasks relating to the implementation of the action. In particular, the entrusted entity shall be responsible for runningpublic procurements, concluding and managing the resulting contracts, implementation (including executing related payments), information and visibility. It will also be in charge of monitoring, reporting and evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the ***programme***.

* Budget

* Indicative budget table - Annual Action ***Programme*** for Montenegro for the year 2017 – part 2

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Indirect Management with the IPA II beneficiary | Other implementation arrangements |  |  |  |  |  |  |  |  |
|  |  | where applicable | where applicable | Total expenditure |  | where applicable | where applicable | Total expenditure | MM | Total |
|  | EU Contribution | IPA II beneficiary Co-financing | EU Contribution | IPA II beneficiary Co-financing | ***programme*** |  |  |  |  |  |
| Objective 1 | Sector 1 |  |  |  | Sector 1 Democracy and Governance | 15 000 000 |  | 15 000 000 | Mixed | 15 000 000 |
| Action |  |  |  | Action 4 ? 'EU Support to Public Administration Reform in Montenegro' | 15 000 000 |  | 15 000 000 | Direct, IM IO | 15 000 000 |  |
|  | TOTALS |  |  |  |  | 15 000 000 |  | 15 000 000 |  | 15 000 000 |

* Implementation modalities and General rules for procurement and grant award procedures

direct management:

This ***programme*** shall be implemented by direct management by Union Delegation to Montenegro in accordance with article 58(1)(a) of the Financial Regulation and the corresponding provisions of its Rules of Application.

Procurement shall follow the provisions of Part Two, Title IV Chapter 3 of the Financial Regulation No 966/2012 and Part Two, Title II, Chapter 3 of its Rules of Application.

Grant award procedures shall follow the provisions of Part Two Title IV Chapter 4 of the Financial Regulation No 966/2012 and Part Two Title II Chapter 4 of its Rules of Application.

Under the Financial Regulation, Parts One and Three of the Financial Regulation and its Rules of Applicationshall apply to external actions except as otherwise provided in Part Two,  Title IV.

The Commission may also use servicesand supplies under its Framework Contracts concluded following Part One of the Financial Regulation.

Twinning:

Twinning projects shall be set up in the form of a grant agreement, whereby the selected Member State administrations agree to provide the requested public sector expertise against the reimbursement of the expenses thus incurred.

The contract may in particular provide for the long-term secondment of an official assigned to provide full-time advice to the administration of the IPA II beneficiary as resident twinning advisor.

The twinning grant agreement shall be established in accordance with relevant provisions of Part Two Title IV Chapter 4 of the Financial Regulation and Part Two Title II Chapter 4 of its Rules of Application.Parts One and Three of the Financial Regulation and its Rules of Application shall apply to external actions except as otherwise provided in Part Two,  Title IV.

* performance Monitoring arrangements

As part of its performance measurement framework, the Commission shall monitor and assess progress towards achievement of the specific objectives set out in the IPA II Regulation on the basis of pre-defined, clear, transparent measurable indicators. The progress reports referred to in Article 4 of the IPA II Regulation shall be taken as a point of reference in the assessment of the results of IPA II assistance.

The Commission will collect performance data (process, output and outcome indicators) from all sources, which will be aggregated and analysed in terms of tracking the progress versus the targets and milestones established for each of the actions of this ***programme***, as well as the Country Strategy Paper.

In the specific context of indirect management by IPA II beneficiaries, National IPA Co-ordinators (NIPACs) will collect information on the performance of the actions and ***programmes*** (process, output and outcome indicators) and coordinate the collection and production of indicators coming from national sources.

The overall progress will be monitored through the following means: a) Result Orientated Monitoring (ROM) system; b) IPA II Beneficiaries' own monitoring; c) self-monitoring performed by the EU Delegations; d) joint monitoring by DG Enlargement and the IPA II Beneficiaries, whereby the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly monitored by an IPA II Monitoring committee, supported by Sectoral Monitoring committees, which will ensure a monitoring process at sector level.

[1] C(2014)5771 of 18.08.2014 – Commission Implementing Decisionadopting an Indicative Strategy Paper for Montenegro for the period 2014-2020'

[2] Public Administration Reform Strategy 2011-2016 (AURUM)

[3]  Montenegro EU Accession ***Programme*** 2016-2018, Montenegro Development Directions 2015-2018, Montenegro Economic Reform ***Programme*** 2016-2018, Public Finance Management ***Programme*** 2016-2020,                 Strategy for Information and Communications Technologies.

[4]Monstat and Ministry of Finance of Montenegro

[5]  IMF Staff Concluding Statement of the 2017 Article IV mission.

[6] IMF Staff Concluding Statement of the 2015 Article IV mission, available at: [*http://www.imf.org/external/pubs/cat/longres.aspx?sk=43772.0*](http://www.imf.org/external/pubs/cat/longres.aspx?sk=43772.0)

[7]IMF Staff Concluding Statement of the 2017 Article IV mission.

[8] Registered under at least one of the following laws: Law on Non-governmental Organisations (Official Gazette of Montenegro 27/99, 09, 30/02, 39/11), Labour Law (OG of Montenegro 43/03, 79/04, 49/08, 26/08, 88/09, 26/10, 59/11), Law on Representation of Trade Unions (OG of Montenegro 26/2010), the Bylaw on the representation of employers' organisations (OG of Montenegro, 34/05), the Law on the Chamber of Economy of Montenegro (OG of Montenegro, 42/98).

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[***Rubrics in program evaluation***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:6BGY-KPD1-JBMY-H15Y-00000-00&context=1516831)

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**Body**

**ABSTRACT**

Rubrics are well-established tools used in a variety of educational settings, such as student assessment, teacher performance, and curriculum review. This study investigates the extent to which and how rubrics are being used in ***program*** evaluation. After exploring the background, or etymology, of the word rubric, a review of literature is conducted. Results reveal that rubric use in ***program*** evaluation is relatively rare, although increasing. Rubrics are predominately used in education and health ***program*** evaluation to transform data from one form to another, to characterize organizational functioning, and to derive explicitly evaluative conclusions. ***Program*** evaluators use rubrics during data collection and data analysis study phases, and to synthesizing findings into conclusions. This paper is the first systematic study of the use of rubrics in ***program*** evaluation. It presents a picture of how ***program*** evaluation practitioners and scholars are using or discussing rubrics.

**FULL TEXT**

**Introduction**

Professional evaluation is practiced in an array of programmatic contexts by evaluators hailing from diverse academic backgrounds, which distinguishes evaluation from other professions with more consistent and clear-cut pathways into practice such as accountancy, law, or psychology. The fact that evaluators bring expertise from various disciplines affords great benefit if evaluators both leverage and share theory and practice from their respective fields. The American Evaluation Association (AEA), (1991) has defined evaluation as “a systematic process to determine merit, worth, value or significance” (AEA, 2014). Determining something’s merit, worth, value, or significance is a complex task, which is often done implicitly, lacking transparent justification regarding reasoning (Arens, 2005) or left undone, providing evidence without drawing it together for evaluative conclusions (Davidson, 2013).

I have an education background, and in education we have a tool that we use regularly to evaluate student performance. This tool is most commonly referred to as a rubric.1 Rubrics could also be tools that ***program*** evaluators used to assist them in making systematic evaluative judgments that are explicit by making their reasoning transparent. In this study, I review the extent to which and how rubrics, a fundamental tool used in education, are being discussed in ***program*** evaluation literature. I begin by exploring the background, or etymology, of the word rubric, first in a general sense and then within ***program*** evaluation, to determine the prevalence and evolution of the use of the term. I then present the main study, in which I conducted a review of the literature to address the main research question: To what extent and how are rubrics portrayed in the peer-reviewed literature on ***program*** evaluation?

More specifically:

What is the trend in the use of the word in the ***program*** evaluation literature?

In what ***program*** evaluation ***program*** areas are rubrics used?

In what ways are rubrics being used or described as having utility in ***program*** evaluation?

How do evaluators develop, refine, and test rubrics?

**Background**

In keeping with Carl Sagan’s (1980) statement “You have to know the past to understand the present,” tracing the etymology of the term *rubric* may aid in understanding the current use of the term in evaluation. The Collins English Dictionary (Rubric, 2013) states that in Latin the word for red is *ruber; rubrike* means red ochre and also came to signify red lettering; *rubrīca* means *terra* or red earth, and was the foundation for the term *ruddle*, which denotes the marking of a distinctive symbol on sheep using a smudge of red earth. The Catholic Encyclopedia (Knight, 2009) dates the word *rubrīca* back to the “ancients” when carpenters used red earth to mark their cut, or saw line, on wood. Images of old, albeit less archaic, uses of the term rubric date back as far as the 9th century, when either a single large decorative red letter or the red lettering of a small sample of text was used to herald significant passages (Morgan & Panayotova, 2009). Popham (1997) noted that this literary practice (see Figure 1) originated from monks who laboriously hand-copied manuscript pages, a practice that is also documented in the Online Etymology Dictionary (Rubric, 2014), which adds that, circa 1300, rubrics could further denote red scripted “directions in religious services.”

**Figure 1.**

Two examples of early red typographical rubrics: (a) *Sacrae Scriptureae Veteris Novaeque Omnia*. Photograph by K. Martens (2015) with permission of and held by Dalton McCaughey Library, Ormond College, Melbourne, Victoria, Australia. (b) *Vita Sancti Wilfridi* (Life of St Wilfrid) and *Bede*. Image from Historia ecclesiastica Folio 1r. England, the North (second half of 12th century). Held in art gallery of Ballarat’s Crouch Manuscript collection. Digitized free access by the State Library of Victoria, Australia.

Secular manuscripts in the United States also used red typographical rubrics, as can be seen in the early 20th-century example in Figure 2. The figure shows photographs of rubrics contained in the book *Good Recipes*, authored by The Woman’s Society of the Winnetka Congregational Church (1906). As was common for the time, the title of this publication appears in red lettering (note the faded red title on the cover of the book in Figure 2a). The red lettering continues in the foreword of the book, where the first letter is quite large and printed in red typeface (Figure 2b). Figure 2c shows that the section headings of the book are also in red lettering. But it is the title, *Good Recipes*, that leads one to imagine that all recipes contained within had been carefully evaluated and selected as significant choices for publication—coincidence, or an early example of evaluation rubric use?

**Figure 2.**

Three typographical rubric examples from a 1906 book with the evaluative title *Good Recipes*: (a) faded red title of the book on the cover, (b) large red W starting the paragraph, and (c) red section heading for breads. Reproduced from the freely available digital collection of University of Illinois Urbana-Champaign.

Use of rubrics as typographical elements waned in the mid-1900s, when traditional red lettering began to disappear as new, less expensive printing methods emerged, such as using all black typeset that distinguishes significant text through bold or italic fonts. This change in practice is evidenced by William Faulkner, who noted in a 1929 letter to his agent that italics would get the point across but that he would prefer colored ink (Bleikasten, 1982, pp. 3–4).

A parallel evolution, beyond typeset, of the term rubric is in reference to classification spectrums. An example of use in this manner is the 1975 paper *International Classification of Diseases-*9, published on the U.S. Centers for Disease Control and Prevention (2007) website. The 1975 paper outlines how Francois Boissier de Sauvages de Lacroix (1706–1767) made the first systematic attempt at disease classification in 18th century his paper, *Nosologia Methodica* (1763). The 1975 paper goes on to explain that in 1855, the second International Statistical Congress in Paris adopted a classification list that included “138 rubrics,” which became the basis for the *Internal List of Causes of Death.* It is unclear whether application of the word *rubric* to the 1855 work was a 1975 addition or whether it had been used back in the 1800s in this manner. To better understand how the use of the word *rubric* as a classification term evolved to its use as a seemingly common phrase among current-day authors publishing in academic journals, and to document for this background section, other more recent uses of the word rubric, and its prevalence of use across disciplines, I used the interdisciplinary database Scopus2 to conduct a brief environmental scan. In this snapshot background search I looked for appearances of the word rubric in article titles or abstracts from 1960 to 2014. Figure 3 shows the results of this scan, which demonstrate a substantial increase in use of the term in online articles (interpretation should be tempered by an expected increase due to the increase in the number of papers published online since 1999).

**Figure 3.**

Number of article returns for search term *rubric* using the interdisciplinary database Scopus.

To further bolster this background section, I continued the environmental scan to find out whether the use of the word rubric increased similarly in evaluation journals. As such, I mirrored the search using 16 peer-reviewed evaluation journals with date parameters that reflected the earliest accessible online journal issue dates. As can be seen in Figure 4, the total frequency of use of the term rubric increased substantially in the decades since 1975—by almost fivefold. In conjunction, a review of all returns showed that the manner in which the term is used in evaluation has also changed dramatically. Between 1975 and 1994, the term rubric was used in the evaluation literature more than 90% of the time in the categorical or classification sense (i.e., statements such as “under the rubric of”). As overall use of the term increased, the categorical statement use of the term declined from 92% in 1975–1984 to only 19% in 2005–2014, although the absolute number of articles using the term within categorical statements remained fairly stable, ranging from 23 articles in 1975–1984 up to a high of 44 in 1995–2004 and back down to 23 in 2005–2014. It is the increase in the non-categorical statement use of the term rubric that was of interest to me.

**Figure 4.**

Number of evaluation articles3 utilizing the term *rubric* by 10-year periods.

\*2005–2014 is just under 10 years, as it only spans through April 2014.

The increased use of the term in the literature in the 1990s is due in part to the influence of the increase in practice in education of using rubrics to evaluate student performance. This practice began in the US in the 1970s. Early versions of education rubrics, called standardized developmental ratings (SDRs), were used to assess developmental stages of learning through student writing and drawing samples (Dirlam & Byrne, 1978). SDRs evolved through a decade of work in the US in the 1970s, but were originally based on Noam Chomsky’s (1959) review of Skinner’s *Verbal Behavior*, in which Chomsky remarks on the lack of units of analysis for behavior (as cited in Dirlam, 2015). But it was not until the early 1980s that the term *rubric* was applied to student assessment ratings by Mel Grubb (1981) in his book authored in the US, *Using Holistic Evaluation* (as cited in Edwards & Sailors, 2014).

Rubrics for evaluating performance are typically comprised of three basic components: (1) **criteria** of merit, (2) **standards** of merit, and (3) **descriptors** of performance (Popham, 1997; Reddy & Andrade, 2014). *Criteria* are defined for the purposes of this article as non-overlapping dimensions or components of quality (Allen & Tanner, 2006; Scriven, 2000, revised 2005, 2007). *Standards* are the scaled levels of achievement or the spectrum of goodness on which the criteria will be assessed or rated (Allen & Tanner, 2006; Davidson, 2005; Dickinson & Adams, 2012). *Descriptors* provide examples of what quality would look like for each criterion at each performance level (Davidson, 2005). Figure 5 provides a visual depiction of how these three components can be organized in a matrix, although the configuration of the matrix can just as easily be inverted, with the standards down the far left column and the criteria across the top row (see Figure 9). Directly following Figure 5, Figure 6 shows an example of a rubric for marking *essays (chosen as an example because the standardization of essay marks was the origin of evaluation rubrics).*

**Figure 5.**

Three components of an evaluation-focused rubric: (a) criteria, (b) standards, and (c) descriptors.

**Figure 6.**

Example of a rubric. Based on the SAT essay scoring guide by The College Board (2015). Retrieved from [*http://sat.collegeboard.org/scores/sat-essay-scoring-guide*](http://sat.collegeboard.org/scores/sat-essay-scoring-guide).

In conjunction with the substantial rise in references to rubrics in evaluation in the mid-90s was the release of Deborah Fournier’s (1995) edited issue of *New Directions in Evaluation*, titled *Reasoning in Evaluation: Inferential Links and Leaps*. This volume examined the “systematic means for arriving at evaluative conclusions, the principles that support inferences drawn by evaluators” (Fournier, 1995, p. 1). In this issue of *New Directions*, Michael Scriven (1995) argued that the most common deliverable of evaluations is evaluative claims. He went on to assert that evaluative claims are framed in the vocabulary of grading, ranking, scoring, or apportioning and concluded that the logic of evaluation requires explicit identification of criteria of merit (Scriven, 1995). In the same issue, Fournier said “understanding the reasoning process to establish evaluative conclusions drawn in practice [is] the field’s greatest unmet challenge” (1995, p. 1). An evaluation rubric is a tool that captures all the elements of the logic of evaluation as presented by Scriven and explicitly outlines the systematic reasoning called for by Fournier. To clarify, rubrics are developed to explicitly present the dimensions outlined by Scriven (evaluative claims and criteria of merit) and to provide a systematic means for arriving at evaluative conclusions by applying the standards to the criteria of merit via performance definitions to justify the evaluative claims. Jane Davidson (2005) described rubrics as “a tool that provides an evaluative description of what performance or quality ‘looks like’ at each of two or more defined levels” (p. 247). Educators commonly use rubrics in this manner to assess student performance (Moskal, 2000; Popham, 1997); however, less is known about how this practice has transferred to ***program*** evaluation.

In the remainder of this article, I present the results of a literature review I conducted to better understand the extent to which and how rubrics are being used or described as having utility by evaluators in peer-reviewed ***program*** evaluation literature, especially to derive evaluative conclusions.

**Method**

This study focuses on how rubrics are presented in the peer-reviewed ***program*** evaluation literature. This means that other “semi-autonomous applied areas” as outlined by Scriven (1991, p. 141; 1995, p. 50), such as evaluations of proposals, personnel, products, performance, and policies, are excluded. I selected the published literature for reasons of quality (articles had been scrutinized and deemed meritorious by peers) and ease of access. The literature review I conducted focused on select ***program*** evaluation journals. My journal selection was initially informed by a list of evaluation journals compiled by Thomas Schwandt (2014). To ensure inclusion of the most relevant English-language ***program*** evaluation journals, I modified Schwandt’s list of 15 evaluation journals by excluding one journal from the list, *Educational Evaluation and Policy Analysis*, because of its policy evaluation focus, and I added a journal to the list, *New Directions for Evaluation*. The final list included eight multidisciplinary evaluation journals, five education evaluation journals, and two health evaluation journals (see Table 1).

**Table 1.**

Number of articles including the term rubric by evaluation journal.

| **Journal** | **Start year** | **Total issues** | **Article returns** | **Valid articlesa** | **Articles that met inclusion criteria** |  |
| --- | --- | --- | --- | --- | --- | --- |
| 1 | African Evaluation Journal | 2013 | 1 | 0 | 0 | 0 |
| 2 | American Journal of Evaluation | 1981 | 113 | 50 | 39 | 10 |
| 3 | Canadian Journal of ***Program*** Evaluation | 1986 | 71 | 1 | 1 | 0 |
| 4 | Evaluation and ***Program*** ***Planning*** | 1978 | 147 | 61 | 39 | 4 |
| 5 | Evaluation Journal of Australasia | 2001 | 24 | 2 | 2 | 2 |
| 6 | Evaluation Review: A Journal of Applied Social Research | 1977 | 215 | 19 | 19 | 0 |
| 7 | Evaluation: The International Journal of Theory, Research, and Practice | 1995 | 75 | 18 | 17 | 0 |
| 8 | Journal of MultiDisciplinary Evaluation | 2004 | 22 | 6 | 6 | 3 |
| 9 | New Directions in Evaluation | 1978 | 141 | 16 | 13 | 0 |
| 10 | Educational Research and Evaluation: An International Journal on Theory and Practice | 1995 | 103 | 38 | 37 | 0 |
| 11 | International Journal of Evaluation and Research in Education | 2012 | 8 | 0 | 0 | 0 |
| 12 | Practical Assessment, Research, and Evaluation | 1999 | 18 | 17 | 16 | 1 |
| 13 | Studies in Educational Evaluation | 1975 | 137 | 61 | 48 | 0 |
| 14 | Evaluation and the Health Professions | 1978 | 145 | 6 | 6 | 0 |
| 15 | Journal of Educational Evaluation for Health Professions | 2006 | 9 | 1 | 1 | 0 |
| **Total article returns for rubric** | 1,229 | 296 | 244 | 20 |  |  |

**a**

Number of valid original articles (excluding duplicate articles, book reviews, editorial notes, other non-article returns, articles in press, articles that were found not to contain the term, or that only contained the term in the references or solely in reference to use in other publications).

I searched all available online issues of the journals using the keyword *rubric*, which generated 296 article returns, then checked each article to determine its appropriateness for the study. My selection criteria included the following:

The word *rubric* appeared in the body of the article, not just in references or footnotes.

The word *rubric* was used to denote a matrix consistent with the definition used in this study; those that used the term strictly as a categorical statement (e.g., under the rubric of . . . ) were excluded.

Rubrics mentioned in the article were used for ***program*** or project evaluation; those that focused on policy, product (e.g., curriculum), personnel (e.g., principal or teacher), or performance (e.g., student) evaluation were excluded.

The publication was a peer-reviewed article; book reviews, editorials, and other peripheral writings were excluded.

The article was a unique contribution; those that referred to rubrics solely in reference to other published works were excluded.

In all, 20 articles were retained for analysis of the extent and nature of rubric portrayal in ***program*** evaluation. Figure 7 is a visual depiction of the filtering process.

**Figure 7.**

Article filter flowchart.

Data from each article were recorded in a Microsoft Access database. Areas of interest that resulted in coding categories were frequency of use of the word rubric, context, how rubrics were used or described as having utility in ***program*** evaluation, and how rubrics were developed, refined, and tested. I conducted a narrative analysis to both provide a historical account of use and identify the interconnections of described rubric use and utility in ***program*** evaluation.

A limitation of the study is that rubric use may be more widespread in practice than suggested by the published literature. Perhaps rubric use is just not a topic that makes it into the peer-reviewed evaluation literature. Therefore, the results may not be an accurate reflection of what occurs in evaluation practice.

**Results**

The results of my analysis are organized by research subquestions. Of note, the variables of interest were not uniformly present in the 20 articles.

**Prevalence**

The articles varied in the degree to which the authors focused on rubrics. A rough indicator of how important rubrics were to each publication is the number of times the word *rubric* appeared in the article. The frequency of use ranged from 1 *time* in a single article (Brandon, Smith, Ofir, & Noordeloos, 2014; Braverman, 2013; Petersen, 2002; Roberts-Gray, Gingiss, & Boerm, 2007) to 133 *times* in a single article (King, McKegg, Oakden, & Wehipeihana, 2013). Figure 8 shows a substantial increase since 2004 in both the number of times the term *rubric* was used in individual articles (blue line) and the dispersion of the 20 articles contained in this study (red line).

**Figure 8.**

Frequency of use of the term *rubric* in articles over 5-year periods.

***Program* areas**

The articles included in the review discussed rubric use predominately in ***program*** evaluations set in the disciplines of education and health, although the ***programs*** themselves were quite diverse. For example, the ***program*** areas described in the articles included K-12 school improvement ***interventions***, university improvement ***planning***, system-wide education reform, multisite and multi-***intervention*** physical activity and nutrition health promotion, substance abuse prevention, tobacco prevention, food security in international development, professional development for African female scientists in ***agriculture***, ***planning*** and managing preparedness for emergencies and disasters, evaluation capacity building initiatives, and organizational capacity building in nonprofits.

**Rubric use or described utility**

Authors described using rubrics for a variety of reasons, such as transforming data from one form to another (e.g., Davey, Gugiu, & Coryn, 2010) to characterize organizational functioning (e.g., Gajda & Koliba, 2007) and to derive explicitly evaluative conclusions from the synthesis of evidence and values (e.g., Dickinson & Adams, 2012). I am defining values in this type of synthesis as values that are drawn from sources such as a needs assessment, literature, professional standards, or a logical analysis of the function of the evaluand (Scriven, 1991); they are not individually held values. Authors also described rubrics being used in various phases of inquiry such as data collection (7 articles), data analysis (7 articles), and synthesizing findings into conclusions (10 articles). Examples of types of use at varying stages of inquiry were to record performance judgments during site visits (data collection), to code data (data analysis), and to synthesize evidence into evaluative conclusions during the evaluation interpretation or synthesis phase (some conclusions were not evaluative). Some authors used rubrics in more than one way and in more than one phase of their studies. For example, Clements (2012) used a rubric to transform observational and interview data into numerical codes during data collection, then to analyze the data to show the level of change between reconstructed baseline and current functioning, and to synthesize the data into evaluative claims.4

I found that rubrics used in early study phases were more often used to transform data from one form to another, such as to transform observations in the field (visual data) into written codes (e.g., Brandon et al., 2014; Clements, 2012). Predominately, rubrics in the reviewed articles were used in the data collection and analysis phases to transform qualitative data (e.g., from interviews, observations, documents, open-ended items in questionnaires) into codes (most often scores) to allow for quantitative analysis (e.g., Roberts-Gray et al., 2007). For example, Petersen (2002) scored key informant interview responses using a rubric prior to aggregation. In later phases of studies, rubrics were sometimes used to synthesize data collected via multiple methods (e.g., document review, survey, interview, and observational data; Clinton, 2014) or to synthesize quantitative and qualitative data. Figure 9 shows an example of synthesis of quantitative and qualitative data into qualitative judgments using evaluative terms (i.e., excellent, very good, good, and poor).

**Figure 9.**

Example rubric of synthesis of methods data into qualitative judgments by P. Dickinson and J. Adams (2012). Reprinted with permission.

**Rubric characteristics**

In this section, I describe the characteristics of the rubrics in the review, as well as the processes described by the authors for developing, refining, and testing their rubrics. The characteristics are organized by the three elements of an evaluation rubric (criteria, standards, and descriptors). The rubric characteristics varied in level of detail across the articles.

**Criteria**

All authors described criteria of *merit* (quality) as opposed to worth (e.g., cost-effectiveness or some sort of value for money) or significance (importance). The authors of six articles provided overarching definitions or examples of the criteria expressed in their rubrics. For example, Clements (2012) described a rubric5 for scoring nutritional gains that contained, among other criteria, a criterion for nutritional staples. Nutritional staples were defined as including “cereals (wheat, barley, rye, maize, or rice), starchy root vegetables (potatoes, yams, taro, and cassava), and special fruits (breadfruit and plantains)” (p. 23). In this example, the presence of nutritional staples is a marker of a quality food security ***program***.

Most articles’ authors described or presented *analytic* rubrics, meaning the rubrics were developed to evaluate performance on more than one criterion of merit (similar to the earlier example in Figure 6). However, one article contains a *holistic* rubric, different because it had one overarching criterion of merit (i.e., quality), instead of two or more components or dimensions of merit (Figure 10).

**Figure 10.**

Example of quantitative and qualitative descriptors. Based on textual information by P. Clements (2012).

**Descriptors**

Descriptors are the interior cells of a rubric that outline what performance looks like across the standard spectrum by criterion (refer back to Figures 5 and 6). Descriptors may be stated quantitatively, qualitatively, or in combination. Continuing with the example from Clements (2012) and based on textual information provided in the article (p. 23), I developed Figure 10. The descriptors for the *nutritional staples criterion* were a mixture of quantitative and qualitative performance examples (Figure 10). Also, this is an example of standards (ratings 0–5) organized down the far left column and the criterion (nutritional staples) across the top row. Graphically, this is an inversion to the presentations in Figures 5 and 6 but matches the presentation in Figure 9. I chose this configuration for Figure 10 simply because it is the best use of space on a portrait-oriented letter sized sheet of paper.

Most rubrics in the reviewed articles were developed for a specific evaluation context, whether that was a specific ***program*** or project (e.g., Heifer International) or a particular type of ***program*** (e.g., partnering). These rubrics include context-specific detail in the interior cells of the rubric that limits their use outside of the setting for which they were developed. In the above example from the Clements article, the descriptors (interior cells containing examples of what performance would look like for each criterion at the different levels of performance) were developed for a specific international development ***program*** to judge families’ food security, but the rubric was to be used in multiple countries over a span of many years. So the rubric descriptors were developed to be specialized for this specific ***program***, which included many projects around the world. The other rubrics found in the review were similarly developed to be specific to their evaluation context, except one that was developed with generic descriptors. These enable users to apply the rubric to almost any ***program*** or context. Figure 11 shows the one generic rubric contained in the review, which is also the one holistic rubric described in the review. Finally, the descriptors were all phrased in absolute terms. This type of determination states quality independent of other performances (as opposed to relative determinations that outline quality compared with like performances). This means an absolute *good* is good no matter what, whereas a relative *good* is good in comparison with others (Davidson, 2005).

**Figure 11.**

Example of holistic generic rubric from “Evaluative Rubrics: A method for surfacing values and improving the credibility of evaluation,” by J. King et al. (2013). Reprinted with permission.

**Standards**

In conjunction with the descriptors in all articles being presented or described in absolute terms, so are the standards (as opposed to relative standards that outline a direct comparison, such as superior, average, and inferior; Davidson, 2005). Absolute standards contained in the review were presented as scores (e.g., 0–4 points), grades (e.g., A, B, C, D, E), evaluative terms (e.g., excellent, good, poor), and levels of met criteria (e.g., fully met, met, not met). Of note, authors working in organizational development evaluation (e.g., with nonprofits or inter- or intra-agency collaborations) presented absolute scoring rubrics (using ordinal numbers) that also included developmental terms to describe performance, such as *levels of integration*, *stages of development*, or *levels of collaboration* (e.g., networking, cooperating, partnering, unifying). In one article, the authors noted that their developmental ratings were not meant to be evaluative judgments, but instead the rubric was a “taxonomy of observed characteristics or symptoms” (Schuh & Leviton, 2006, p. 174), but because the rubric displayed and described in the article (Figure 12) contained all the elements of an evaluation rubric (standards, criteria, descriptors), the article was retained in the review. Specifically, the standards are laid out as a spectrum of goodness. For example, it is *better* to be a *highly productive agency* than a *proficient agency* (Figure 12). Table 2 shows the characteristics of rubrics included in the review.

**Figure 12.**

Example of developmental rubric. The criterion presented is under the criterion financial resources. Other criteria outlined in the article, but not shown in the rubric, are governance, organizational development, internal operations, and core services. From “A framework to assess the development and capacity of non-profit agencies,” by R. G. Schuh and L. C. Leviton (2006). Reprinted with permission.

**Table 2.**

Summary characteristics of rubrics in reviewed articles.

| **Characteristic** | **Number of articles (N = 20)** |
| --- | --- |
| Criteria |  |
| Analytic | 15 |
| Holistic | 1 |
| Generic | 1 |
| Specific | 15 |
| Standards |  |
| Absolutea,b | 19 |
| Numeric (e.g., scoring, numerically named stages) | 15 |
| Developmental (e.g., stages) | 7 |
| Evaluative terms (e.g., excellent, good, adequate, poor) | 4 |
| Level terms (high, partial, low; met, partially met, unmet) | 2 |
| Grading (e.g., A, B, C, D, E) | 1 |
| Relative | 0 |
| Descriptors |  |
| Generic | 1 |
| Specific | 13 |
| Absolute | 14 |
| Relative | 0 |

**a**

Some articles were marked in more than one category (e.g., numeric and developmental).

**b**

If no other information was provided, a scoring rubric is deemed absolute.

**Process**

In 13 of the 20 articles, authors described the rubric development process. The process occurred in two ways: (1) as an activity limited to the evaluation team’s input based on research (e.g., needs assessment findings and analysis of preliminary data), theory, and/or relevant literature, and (2) as a participatory activity that ranged from stakeholder input on the refinement of an evaluator-developed rubric to fully engaging stakeholders in the process from start to finish.

**Validity and reliability**

In eight articles, the authors noted the importance of calibrating raters or outlined how to calibrate raters to increase interrater reliability. For example, Stemler (2004) based his entire article on interrater reliability estimates of multiple raters who use rubrics to make independent judgments of performance. He compares consensus, consistency, and measurement approaches. But for most articles, the authors only mentioned that the judges were provided trainings (three articles), and/or refinements were made in the field (four articles). Rubrics were mentioned as being pilot tested in five articles.

**Discussion**

This literature review set out to provide a better understanding of the extent to which, and how, rubrics are being used or described as having utility in the ***program*** evaluation literature—especially in regard to deriving evaluative conclusions. This study spanned close to 40 years and initially included 239 articles, resulting in only 20 examples of rubric use or described utility in ***program*** evaluation. The definition of rubrics set out in this study makes rubrics inherently evaluative because as a tool it is developed to combine evidence and value to enable judgments of quality by plotting actual performance onto example descriptions of performance where each criterion of merit meets each standard of merit. So, if by definition rubrics are evaluative, it does not matter what type of evaluative claim was made, how the rubrics were developed, or the phase of the study in which they were employed; they are by design going to enable the user to make explicit judgments. Yet in half of the articles, the authors described rubrics as common data collection and measurement tools (e.g., coding). Rubrics are useful tools for these purposes, but these uses fall short of harnessing the power of rubrics for evaluation in regard to merit determination.

Determining something’s merit, worth, value, or significance is a complex task, and as Arens (2005) noted, it is a task that is often done implicitly—with no transparent justification regarding reasoning, or as Davidson (2013) noted, is often left undone—by providing evidence without drawing it together for evaluative conclusions. In only 10 of the 20 articles did the authors describe rubrics as tools to reach evaluation conclusions. Of these 10 articles, only 4 contained evaluation judgments phrased in explicitly evaluative terms, although in an additional 2 articles authors used scores to denote merit—in other words, in only 6 articles rubrics were used, or described as having utility, as tools to promote an *evaluation-specific methodology* (Scriven, 1991). This suggests that the use of rubrics to reach evaluative conclusions in ***program*** evaluation is rare across the time frames and from the sources investigated. It may be, as mentioned as a limitation, that rubric use in ***program*** evaluation is actually more prevalent in practice, but is not a topic that makes it into the peer-reviewed literature. If this is the case and the rarity is due to a schism between the practical (non-academic) nature of rubrics and the academic (peer-reviewed) perspective, the issue highlights the importance of conducting research on evaluation practice. Alternatively, if evaluation practitioners are missing the opportunity to share their experience and guidance evaluation-specific methodologies—specifically, the art and science of rubric development and use—and this perspective in actuality would be welcomed in scholarly journals, then that in itself is a finding worth noting. If this is the case, and there is a supply-side deficit, research on the barriers that impede practitioners from submitting written work to scholarly journals, such as rubric use in evaluation, needs to be investigated, including how to actively support practitioners to publish. Taking on these considerations, this particular research of peer-reviewed evaluation literature could be directly extended through a review of practitioner materials that could be undertaken to include a review of evaluation textbooks and gray material, such as conference proceedings. A study of this type could elucidate the education and training opportunities available to evaluators in rubric use and development. It might also be useful to investigate how evaluation practitioners, who are users of rubrics, developed this type of knowledge and skill and how significant the use of rubrics is to their evaluation practices. Further understanding rubrics as a tool in evaluation can perhaps support evaluators to make systematic evaluative judgments based on reasoning that is transparent and explicit.

**Notes**

FundingThe author(s) received no financial support for the research, authorship, and/or publication of this article.; 1.In education, rubrics can also be called criterion-referenced assessments.; 2.Elsevier, the publisher of Scopus, notes on its website that Scopus “is the largest abstract and citation database of peer-reviewed literature . . . in the fields of science, technology, medicine, social sciences, and arts and humanities.”; 3.Table 1 details 15 of the 16 evaluation journals accessed. Included in Figure 4, but excluded from Table 1 due to its policy focus, is *Educational Evaluation and Policy Analysis* (EEPA).; 4.The uses at different stages are not explicitly outlined in the article, but because I was part of the evaluation team working with Clements (and I am noted as such in the article), I have intimate knowledge of the way we used rubrics in this study.; 5.Clements attributes the development of the instrument to Dr. Michael Scriven, the principal investigator of the study, and Scriven’s evaluation team.

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**Body**

Canberra: Minister for Defence, Australia has issued the following news release:

It’s a pleasure to be here today. CEDA does tremendous work in stimulating debate on a very wide range of economic and social issues. I’m a great supporter and constantly aware of CEDA’s distinguished contributions.

When CEDA was founded  in 1960 by economic pioneer Sir Douglas Copland, and my uncle John Macleod, Chief Economist of CRA, changes and movements in our region were the forerunners of many of the economic and security challenges we face today.

I often note that economics and national security are inextricably linked.

Australia’s economic prosperity depends on the rules-based order and relies upon the volume and quality of our exports.

The vast bulk of those exports require the free passage of goods through our region’s ***strategic*** sea-lanes.

This has been the case for all our history.

In 1960, as CEDA was beginning its economic research and leadership dialogues, changes were afoot.

The United Kingdom was turning to its future in Europe. Australia’s privileged trade relationship with the UK was in peril, and transforming.

Australia began to look closer to home for markets for our abundant commodities.

Post-war Japan was looking to us to assist it with reconstruction and supply problems.

It was to soon overtake the UK as our leading export market, placing high demand on our ***agricultural*** products and harder commodities.

China, in 1960, was focussed domestically and in the grip of famine. So it was not actively occupied with becoming a global economic superpower.

But some in Australia were keen to test its scope as a major export market, particularly for our wheat.

Conflict on the Korean Peninsula was formally on hold in 1960. Nearly all Australian troops had come home.

Insurgency in the new Federation of Malaya had been largely contained but was well afoot in Vietnam. In 1960, John Kennedy won the Democratic nomination, in an era when there were two superpowers.

Times were certainly changing, but some constants remained.

Defence was central to our concerns, and in this sense, Britain was still family.

The extraordinary weapons research establishment in South Australia reflected our global and mutual defence interests.

The Menzies Government was rightly focussed on the supply aspect of defence capability – as is the Turnbull Government today.

Movements in global and regional security are, as ever, challenging us all.

They are travelling at an ever-faster rate, economically and militarily.

The 2016 Defence White Paper addressed many of these challenges and outlined, in detail, our ***strategic*** environment now and into the future.

The Indo-Pacific region currently has seven of the world’s 10 largest standing militaries. It has five of the world’s declared nuclear nations.

The Korean peninsula is once again in focus. North Korea is an ongoing threat to regional security.  Its continued provocations and nuclear weapons ***program*** are a significant problem.

Terrorism is a fact of life. Attacks by Daesh-inspired groups in the Philippines and similar activity in other parts of the Indo-Pacific underscore this very real threat.

Domestically, cyber security and cyber attacks present major economic and security challenges.

They threaten industry, government and intellectual property.

They affect the Australian Defence Force’s warfighting capabilities.

Such circumstances require a potent, capable and adaptable Defence Force. Which means we must have a world-class defence industry, and a sound, sovereign capability.

Over the next decade, the Turnbull Government will invest 200 billion dollars to strengthen our defence capabilities and evolve and grow an onshore defence industry that fits our ***strategic*** requirements.

This investment signals the largest renewal of defence capability in our peacetime history. It will ensure our Defence Force is equipped to meet an increasing range of commitments, and importantly, is ready for surprises.

The Turnbull Government wants a home-based defence industry that is strong and capable, that learns from the best, employs Australians, and is able to keep up with ***strategic*** demands

We want an industry aligned with Australia’s global and regional position, but not just for today, for decades into the future.

This must be set up with the right approach, the right intellectual rigour, and the right commitment to keeping ourselves at the cutting edge – for the next 100 years.

It must be an Australian defence industry that can deliver the Australian Defence Force the very best capabilities, on time, on budget and onshore.

This makes abundant ***strategic*** sense. And it also creates unprecedented opportunity for Australian industry.

As I said, our ***strategic*** and economic security are inextricably linked.

Opportunities from this record investment in defence industry are coming at a very fast pace.  In 2016–17, the Australian Government approved 74 capability related proposals. We had ***planned*** to approve 62. Only a few years ago we viewed 46 approvals as a great achievement.

We’re getting on with making decisions.

The time is also right for policy that fits Australia’s major economic challenges.

Some sectors are in transition, while disruptive technologies are ***producing*** new growth areas.

If we are to take advantage of this, and advance Australia’s prosperity well into the twenty-first century, we must put research, innovation and smart manufacturing to work for us all.

Our 200 billion dollar investment in Defence capability is designed to secure advanced manufacturing jobs here.

This is doable and sensible. Australia’s defence industry boasts a track record of success.  It has supported the capabilities of the ADF and has seen considerable export success.

The Defence White Paper made it clear that a more collaborative relationship between Defence and industry was warranted, particularly in relation to participation by small to medium enterprises.

It identified significant barriers to entry for SMEs engaging with Defence, and this in turn hampered their ability to engage with large international prime contractors. If we were going to extend the benefits of defence industry deep into the economy, the barriers had to go.

The Defence Industry Policy Statement released last year addressed this. It committed to greater support and assistance for smaller enterprises seeking to be involved in large projects.

Through it, Defence has formed a truly collaborative relationship with industry and is taking a long-term view of Australian industrial capabilities.

In February last year, the Turnbull Government released not only the Defence White Paper and the Defence Industry Policy Statement, but the Integrated Investment ***Program***.

Together these papers outline our new approach to Australia’s defence industry. They detail what the Australian Government is seeking to achieve in partnership with industry, and what opportunities are on offer.

I urge you to seek these papers out. They are well worth your time.

Combined with our record investment in Defence capability, such policy statements are designed to provide certainty to industry. Importantly, they provide confidence to industry to make their own investments – to up-skill, innovate and grow.

The Turnbull Government has also established the Centre for Defence Industry Capability. It is helping industry to be “Defence-ready”, and to assist in building the Australian supply chains we need.

The Centre delivers essential support services such as advice on business improvement and Capability Improvement Grants.  It opens doors for smaller enterprises, both to Defence and to major international primes.

I’m excited to say we are seeing results already.

Thomas Global Systems is a fine example. It develops innovative electronic solutions for aerospace and defence and has a fantastic reputation for providing world-class capabilities. Thomas products are found in the flight decks of commercial aircraft and military land, air and sea platforms, globally.

The company worked with the Centre for Defence Industry Capability, which provided assistance through the Global Supply Chain ***programme*** and Team Defence Australia.

The Global Supply Chain ***program*** is a proven success in providing entry into global prime platforms.

Similarly, Team Defence Australia offers a great avenue for small and medium enterprises to attend trade shows and missions under its banner.

This gets companies on to the world stage and into direct contact with customers and other companies.

Such support has helped Thomas Global Systems enter international markets. It has given the company confidence in making its own considerable investments in research and development.

We want more globally competitive companies creating Australian jobs and ensuring the sustainability of our defence industry.

Of course, for the foreseeable future, Australia will continue to acquire many of our major platforms and systems from the United States and our other international partners.

Their high-tech capabilities are vital to the Australian Defence Force’s success and our inter-operability with our allies.

We welcome international prime suppliers in Australia.

Not only do they assist in delivering the advanced warfighting capability we need, they also bring intellectual property, expertise and investment here.

This in turn creates Australian jobs, enables knowledge transfer, and provides innovative small and medium enterprises with access to global supply chains and export opportunities.

We want more from our international partners and contractors, we want them to help us transition.

We understand the power of our defence investment in transforming our defence industry and delivering sustainable, long-term jobs for Australians. We intend for it to accelerate our growth in advanced manufacturing.

We have recently strengthened the Australian Industry Capability ***Program*** to maximise the opportunities available for Australian industry to participate in major capital equipment projects.

We want Australian industry involved upfront, so we can ultimately transition overseas supply chains to Australia.

The ***program*** will also drive greater investment in research and development, help embed small-to-medium enterprises in global supply chains and encourage technology transfer.

The strengthened Australian Industry Capability ***program*** is now being used across our major capital equipment procurements of 20 million dollars and above.

We are also making a major investment in innovation, providing more opportunities to harness the best Australian ideas.

1.6 billion dollars has been committed to boosting the capabilities of defence industry and innovation over the next decade, including 640 million dollars to support the development of innovative technologies through the Defence Innovation Hub.

The Hub has been greeted enthusiastically with over 300 innovation proposals since it was launched last December.  More than 13 million dollars worth of innovation contracts have already been signed off with Australian industry.

Such innovation is vital to our long-term success in translating world-class technologies into warfighting capability and advantage for the ADF.

I might now turn to naval shipbuilding.

---

The Turnbull Government is making a record 90 billion dollar investment in naval shipbuilding here in Australia.

For decades, Australia’s shipbuilding industry was plagued by boom and bust cycles that prevented industry from achieving its potential.

Under six years of Labor, not a single order for a naval shipbuilding vessel was placed with an Australian shipyard.

That era is over.

The Coalition Government’s Naval Shipbuilding ***Plan*** commits to a long‑term continuous build ***program***. It includes the delivery of 12 submarines, nine frigates and 12 offshore patrol vessels, and 21 Pacific patrol boats for our neighbours, and runs from now until the middle of this century.

In short, we are on the cusp of a naval shipbuilding boom. By the middle of the 2020s we will need more than 5000 workers just in Osborne working to build the Future Frigates and the Future Submarines. We will need quadruple that number again across the supply chain.

Benefits from the Government’s record investment have already started to flow. Recently Hoffman Engineering were chosen by Fincantieri Australia to provide the bow thruster to the Landing Platform Dock for a Middle Eastern Navy. This is the start of work which could lead to up to 250 million dollars worth of work for Hoffman Engineering over the next five years.

Under the ***plan***, we are strengthening the capabilities and capacity of Australian industry, providing greater opportunities for small and medium enterprises. We are supporting technology transfer from international ship designers and builders to Australian companies.

This is truly a national endeavour, and to succeed we will need the expertise and resources of industry, every state and territory, and the education and training sectors.

Our Naval Shipbuilding ***Plan*** will not only deliver the ADF the naval force it needs, it will also help secure the economic future of the Australian defence industry.

That, as I cannot say often enough, helps secure Australia’s ***strategic*** position and the economic future for every Australian.

Australian workers will undertake this national endeavour, in Australian shipyards supplied by Australian resources.

We look to our industry to step up in its capability, productivity, and innovation to help deliver this far-sighted continuous shipbuilding ***program***.

Future steps

The Government will release the Defence Industrial Capability ***Plan*** early next year, outlining the Government’s ten-year vision for growing defence industry.  This is a very exciting step.

The Capability ***Plan*** is designed to give industry the tools to help inform its future decisions, and will outline our initial Sovereign Industrial Capabilities.

These are the industrial capabilities so vital to Defence’s operational mission that they must be developed and sustained by Australian industry.

They must also be technically and commercially feasible for Australian industry, and affordable to pursue.

Of course, not everything will be identified as a sovereign industrial capability.

In today’s global environment, Australia – indeed no country – can be entirely self-sufficient, and even if it were technically possible, we couldn’t afford it.

The sovereign industrial capabilities will be a subset of a defence industry policy that focusses on maximising opportunities for Australian industry to meet all of our defence capability needs.

This ***plan*** is another step in the Government’s broader defence industry policy. It strives to expand domestic involvement across the acquisition, operation and sustainment of our defence capability.

Positioning us as a high-tech manufacturing nation rests on our ability to develop and export globally innovative products.

This is why the Government will release its Defence Export Strategy by the end of this year. The strategy will provide a comprehensive roadmap for our defence industry to enjoy greater success overseas.

This is critical to our objective of building the resilience and sustainability of our defence industry to meet our capability needs, and to securing long-term growth and jobs for Australians.

Conclusion

As ever, Australia’s position in the world is shaped by global economic and ***strategic*** forces often outside our control.

It is also determined by the decisions we make as a nation.

I have sought to demonstrate that the Turnbull Government will not be sitting on its hands, pondering what it might do to secure us strategically and economically. We are taking action.

We are actively, unapologetically, leveraging our Defence investment to ensure the country’s economic prosperity.

This will be complex and difficult.  It will attract critics. So it will require not only the Turnbull Government, but industry and opinion leaders such as yourselves and CEDA to ensure this vital mission unfolds as it should.

I know that all in this room are equally invested in securing a competitive and secure position for Australia, in its region and the world, for the decades to come.

Thank you for joining me in this great national enterprise.

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[***Register of Commission documents:EU framework programmes for research and innovation: Evolution and key data from FP1 to Horizon 2020 in view of FP9 Document date: 2017-09-20 EPRS\_IDA(2017)608697 In-Depth Analysis***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PX3-MST1-JDG9-Y363-00000-00&context=1516831)

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IN-DEPTH ANALYSIS EPRS | European Parliamentary Research Service Author: Vincent Reillon Members' Research Service September 2017 — PE 608.697 EN EU framework ***programmes*** for research and innovation Evolution and key data from FP1 to Horizon 2020 in view of FP9 This paper aims to provide an overview of the evolution of the EU framework ***programme*** for research and innovation. The paper focuses on the evolution of the legal basis to adopt the ***programme***, its structure and its budget. It then highlights key issues that will have to be addressed in the coming years in the discussion leading to the adoption of the ninth framework ***programme***. PE 608.697 ISBN 978-92-846-1687-9 doi:10.2861/60724 QA-06-17-022-EN-N Original manuscript, in English, completed in September 2017. Disclaimer and Copyright This document is prepared for, and addressed to, the Members and staff of the European Parliament as background material to assist them in their parliamentary work. The content of the document is the sole responsibility of its author(s) and any opinions expressed herein should not be taken to represent an official position of the Parliament.

Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the European Parliament is given prior notice and sent a copy. © European Union, 2017. Photo credits: © jpgon / Fotolia. [*eprs@ep.europa.eu*](mailto:eprs@ep.europa.eu) [*http://www.eprs.ep.parl.union.eu*](http://www.eprs.ep.parl.union.eu) (intranet)   [*http://www.europarl.europa.eu/thinktank*](http://www.europarl.europa.eu/thinktank) (internet)   [*http://epthinktank.eu*](http://epthinktank.eu) (blog) EU framework ***programmes*** for research and innovation Page 1 of 35 EXECUTIVE SUMMARY The involvement of the European Union in research activities (outside the coal and nuclear fields) began in the 1970s with the adoption by the Council of the first Community research ***programmes***. These were adopted one by one as the need for research in a specific area at European level emerged. At the beginning of the 1980s, the European Commission proposed the framework ***programme*** (FP) for research as a ***strategic*** tool to manage the adoption of research ***programmes*** in a more coherent way. Although no Treaty articles provided a clear legal basis for the adoption of these ***programmes***, the first framework ***programme*** (FP1) was adopted in 1983. The Single European Act (1986) introduced research as a Community competence in the Treaty establishing the European Economic Community and provided a firm legal basis for the adoption of the following FPs. FP2 and FP3 were adopted in 1987 and 1990 respectively with increased budgets. The Treaty of Maastricht, which entered into force in 1993, modified the legal basis for the adoption of FPs, transforming them into financial tools for EU research activities. It also broadened the range of topics for which research ***programmes*** could be conducted by the EU. With FP4 and FP5 adopted in 1994 and 1998 the scope of the FP was enlarged and the focus on pre-competitive research was abandoned for an approach that would see the FP addressing societal challenges and supporting a wider range of activities in the innovation process. The development of the European Research Area concept in 2000 marked a clear shift in the evolution of the FP. FP6 and FP7, adopted in 2002 and 2006 respectively, were designed to implement this EU research policy, which aimed to address the fragmentation of the European research landscape. The adoption of the Europe 2020 strategy and the Innovation Union flagship initiative in 2010 influenced the structure of FP8, which was adopted in 2013 and named Horizon 2020. As the FP evolved, the instruments used for its implementation diversified. The initial grants for transnational cooperative research projects were complemented, inter alia, by the development of public-public and public-private partnerships, the establishment of new structures such as the European Research Council (ERC) and the European Institute for Innovation and Technology (EIT), specific instruments for SME support, and individual mobility grants. With Horizon 2020 the FP became a ***programme*** of ***programmes*** covering all aspects of the innovation process and implementing various EU policies. Complexity in the management and implementation of the FP brought about a new level of fragmentation at EU level regarding the funding of innovation-related activities. While discussions on the structure and priorities of FP9 are expected to begin in autumn 2017, an examination of the evolution of the FP highlights several issues that will have to be addressed: the lack of clarity regarding the EU innovation policy that the FP is expected to implement; the balance between the various aspects of the innovation process supported by the FP, research being just one of these; evaluation of the EU added value of the FP and its components, justifying support for each of these aspects; assessment of the existing instruments and their efficiency at EU level to rationalise the EU funding landscape and limit fragmentation; the balance between collaborative action and single beneficiary measures, the share of which has increased sharply in recent FPs; the balance between a focus on excellence that results in the concentration of innovation capacity and efforts to reduce the innovation gap with countries and regions requesting more cohesion measures; and the balance between top-down and bottom-up approaches when defining the ***programme***'s priorities. EU framework ***programmes*** for research and innovation Page 2 of 35 TABLE OF CONTENTS 1. Introduction................................................................................................................... 3 2. 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Outlook ........................................................................................................................ 30 4.1 A framework ***programme*** for innovation ............................................................. 30 4.2 Implementation of EU policy................................................................................ 30 4.3 EU added value and subsidiarity .......................................................................... 31 4.4 Instruments and beneficiaries.............................................................................. 32 4.5 Excellence versus cohesion .................................................................................. 32 4.6 Priority setting ...................................................................................................... 33 4.7 The context for FP9 .............................................................................................. 33 5. Main references........................................................................................................... 34 Annex 1 – Cumulative budget for thematic and horizontal activities for the various framework ***programmes***.................................................................................................. 35 EU framework ***programmes*** for research and innovation Page 3 of 35 List of main acronyms used EAV European added value EIT European Institute for Innovation and Technology ERA European research area ERC European Research Council FP Framework ***programme*** ICT Information and communication technologies JRC Joint Research Centre JTI Joint technology initiatives MFF Multiannual financial framework MSCA Marie Sklodovska Curie Actions 1. Introduction In the autumn of 2017, the European Commission is expected to adopt the first communication regarding the structure of the ninth framework ***programme*** for research and innovation. This communication will launch the debate among the European institutions, the Member States and the actors in the innovation ecosystem on the priorities for EU action in research and innovation after 2020. This publication presents a historical perspective of the evolution of the framework ***programme***, the objective being to place the key aspects on which the debate on FP9 is expected to focus within a broader context. 2. History of the framework ***programme*** 2.1 The first Community research ***programmes*** 2.1.1 Community research in the first treaties Economic and political objectives linked to the control of energy sources – coal and nuclear energy – were at the root of the establishment of the European Coal and Steel Community (ECSC) in 1951 and the European Atomic Energy Community (Euratom) in 1958. The treaties establishing these communities included the development of the first research and technology ***programmes*** at Community level.1 Article 55 of the ECSC Treaty tasked the High Authority with encouraging technical and economic research with funds provided by the treaty.2 Under Article 4 of the Euratom Treaty the Commission is to carry out a Community research and training ***programme*** in nuclear research.3 The Joint Nuclear Research Centre (JRC) was also established under the Euratom Treaty as an 1 For more information on the development of research in the European treaties, see V. Reillon, Research in the European Treaties, EPRS, March 2016. 2 Treaty establishing the European Coal and Steel Community, April 1951. The research ***programme*** for coal and steel and its budget are covered by this paper. 3 Consolidated version of the Treaty establishing the European Atomic Energy Community, OJ C 327, pp. 1-107, 26 October 2012. EU framework ***programmes*** for research and innovation Page 4 of 35 internal Community research centre managed by the Commission. During that period Community research was limited to those specific energy fields, as the 1958 Treaty of Rome establishing the European Economic Community (EEC) did not include research as an area of competence for the Community.4 2.1.2 From intergovernmental to Community initiatives As a result of this situation, research cooperation between European countries was progressively established outside the Community framework under intergovernmental initiatives: the European Organisation for Nuclear Research (CERN) was established in 1953; the European Southern Observatory (ESO) in 1962; and the European Molecular Biology Organisation (EMBO) in 1963. In the 1960s the widening technological gap between Europe and the United States of America fuelled discussion on increased European cooperation in research. Tensions arose between the proponents of Community research policies and those favouring an intergovernmental approach. European Cooperation in Science and Technology (COST) was founded in 1971 as an intergovernmental framework. COST launched concerted actions where various states opted à la carte to collaborate and exchange information on selected research fields (information science, telecommunications, metallurgy, materials, and environment). The intergovernmental setting offered the possibility for non-Community countries to take part. In June 1972, Altiero Spinelli, a strong promoter of the Community approach, presented a communication developing the idea of a Community policy in research and development.5 In October 1972, a Community summit of Heads of State or Government decided that the Community should adopt new policies in the field of industrial, energy, technology and education policies. As the EEC Treaty did not provide a legal basis for conducting and funding research ***programmes***, it was agreed that a broad application of Article 235 of the EEC Treaty would be used.6 In parallel the JRC was reformed, resulting in the centre losing its focus on nuclear energy and becoming a part of the wider Community research policy. Various types of Community research action were defined. The JRC, as the internal research institution of the Commission, would conduct what would be known as direct actions whereas Community research ***programmes*** undertaken outside the JRC by public or private research institutions would be known as indirect actions.7 The Community would also take part in concerted actions such as those undertaken by COST, in which it would support coordination activities only, not research projects. 4 Research is mentioned only in Title II regarding ***agriculture*** policy. Article 41 provides for 'effective coordination of efforts in the spheres of vocational training, of research and of the dissemination of ***agricultural*** knowledge'. 5 Objectives and instruments of a common policy for scientific research and technological development, Commission of the European Communities, COM(72) 700, 14 June 1972. 6 Article 235 stated that 'if action by the Community should prove necessary to attain, in the course of the operation of the common market, one of the objectives of the Community, and this Treaty as not provided the necessary powers, the Council shall, acting unanimously on a proposal from the Commission and after consulting the European Parliament, take the appropriate measures'. 7 From FP1 to FP7 the Council adopted separate specific ***programmes*** for JRC activities. EU framework ***programmes*** for research and innovation Page 5 of 35 2.1.3 Establishing the first Community research ***programmes*** Formulated by the new Commissioner for research, Ralf Dahrendorf, in May 1973, Community research policy was geared towards the creation of 'an effective single area for European science' to be based on two dimensions: the coordination of national policies to avoid duplication and cooperation and competition between European entities (universities, research centres, researchers).8 In May 1973 the first non-nuclear direct actions were adopted by the Council in the field of standards, environment and earth observation.9 They were complemented by the first indirect Community research ***programme*** adopted in June 1973.10 These ***programmes*** all referred to Article 235 of the EEC Treaty as their legal basis. The January 1974 Council resolution on an outline ***programme*** of the European Communities in the field of science and technology mentioned that Community civil research ***programmes*** would aim to support the sectoral policies of the Community.11 They should be integrated and contribute to the development of a common policy on science and technology. In order to select research ***programmes*** relevant to the Community, the Commission established a first set of criteria based on the choices already made for the first ***programmes*** launched. Community research ***programmes*** should demonstrate greater efficiency and rationalisation of efforts; be transnational; cover areas requiring large markets; and address common needs. Over the following 10 years, more than 25 research ***programmes*** were approved by the Council in fields such as energy, materials, resources, environment, health and living conditions or industrial research (Figure 1). The Council also adopted consecutive ***programmes*** for the dissemination of information related to the Community research ***programmes***.12 Meanwhile, additional intergovernmental structures supporting research were also established in Europe outside the Community framework: the European Science Foundation (ESF) in 1974; the European Space Agency (ESA) in 1975 and the European Molecular Biology Laboratory (EMBL) in 1977. 2.2 Introducing the framework ***programme*** 2.2.1 A ***strategic*** tool for Community research Étienne Davignon took office in January 1981 as Commissioner for Industrial Affairs, Energy, Research and Science. The Community research ***programmes*** were then lowbudget ***programmes*** adopted individually by unanimity in the Council in an incoherent way. The commissioner decided that more should be done to streamline the situation. A Commission communication adopted in October 1981 recognised that Europe was 'falling behind its main competitors' and urgently needed 'to make the best use of its 8 Working ***programme*** in the field of research, science and education, Commission of the European Communities, SEC(73) 2000, 23 May 1973. 9 Official Journal of the European Communities, L 153, 9 June 1973. 10 Official Journal of the European Communities, L 189, 11 July 1973. 11 Council Resolution of 14 January 1974 on an initial outline ***programme*** of the European Communities in the field of science and technology, OJ C 7, 29 January 1974, p. 6. 12 Provisions regarding the intellectual property of the knowledge and inventions funded by the Community research ***programme*** were adopted in September 1974. A three-year ***programme*** for the dissemination of scientific and technical information from the Community research ***programmes*** was established in 1975 and renewed in 1978 and 1981. EU framework ***programmes*** for research and innovation Page 6 of 35 financial resources'.13 The Commission was proposing to establish a 'true Community strategy' for research with the aim of contributing to the implementation of other sectoral policies. This strategy would take the form of an 'overall framework ***programme*** embracing all Community research', aimed at:  bringing together national policies and avoiding duplication and dissipation of efforts;  defining the common priorities; and  defining the criteria for selecting joint actions and initiatives. The framework ***programme*** (FP) would act as a concertation mechanism and should be revised regularly. It would define thematic priority areas that needed support and implement horizontal actions to stimulate the efficacy of Community research. The Commission would also establish an evaluation process for the FP and a policy for the dissemination of the results obtained. It also ***planned*** on strengthening its capacity to define the scientific needs of the Community.14 13 Scientific and technical research and the European Community: proposals for the 1980s, Commission of the European Communities, COM(81) 574, 12 October 1981. 14 In June 1983 the Council adopted an action ***plan*** regarding the evaluation of Community research ***programmes***. It was renewed in 1986. A first ***programme*** on 'forecasting and assessment in the field of science and technology' (FAST) had been adopted in July 1978 and was renewed as FAST II in October 1983. EU framework ***programmes*** for research and innovation Page 7 of 35 Figure 1 – The various specific ***programmes*** in research adopted by the Council of the European Union between 1973 and 1998 (pre-FP period to FP4) Data source: EPRS based on EUR-Lex. The colours indicate under which framework ***programme*** the different specific ***programmes*** were adopted. However, some of the specific ***programmes*** adopted before FP1 (in brown) such as the ***programme*** of research and development in the field of science and technology for development (Development 1) were covered by the overall budget of FP1. The ***programmes*** under the thematic activities supported research projects on a given topic. Those under horizontal activities supported various aspects of the research and innovation ecosystems usually with no restrictions regarding the thematic area. EU framework ***programmes*** for research and innovation Page 8 of 35 2.2.2 Adopting the first framework ***programme*** In 1982, the Commission adopted two successive documents presenting the objectives and structure of the first framework ***programme*** (FP1).15 The FP was to become not only a ***programming*** tool but also a financial one. It was to help address the economic crisis and support the competitive capacity of the Member States. The FP was also to play a role in modernising public research organisation structures, limit duplication of research activities in the Community and limit intra-Community competition. Its implementation would involve making 'a real choice between national, international and Community action' and considering which actions brought added value to national activities. FP1 was to be structured around seven objectives: six thematic priorities (***agriculture***, industrial competitiveness, raw materials, energy, development aid and living conditions) and a transversal objective regarding the Community research potential. This last part, a novelty introduced by the FP, focussed on support for bottom-up proposals for exploratory research projects, mobility of researchers, and networking and twinning of research centres in Europe.16 The Commission adopted its proposal for FP1 in May 1983.17 The European Parliament welcomed the FP as a complement to the actions of the Member States in order to coordinate research policy in the Community.18 FP1 was adopted by the Council in July 1983 for the period 1984 to 1987.19 The ***programme*** covered both Community research activities undertaken under the Treaty of Rome and the research ***programme*** under the Euratom Treaty. The resolution established the FP, its objectives and the processes and criteria for adopting the specific ***programmes*** implementing FP1. The budget in the proposal – ECU 3 750 million20 – was merely indicative: it corresponded to the sum of the budgets of the specific ***programmes*** ***planned*** for the period.21 The selection criteria for the specific ***programmes*** formed an essential part of the decision.22 They were formulated as guidelines to decide which activities could be supported by the Community and played a key role in the streamlining process that the FP was to put in place. Community action could be justified when: the scale of the research was beyond a single Member State's resources or capacities; the benefits of the results would outweigh the cost of coordination; the research was on a large scale that would be beneficial throughout the Community; and the activities developed could 15 The first working paper was adopted in June 1982 and the second in December 1982. 16 The content of this new horizontal action was discussed in two Commission communications in June and August 1982. The pilot ***programme*** 'Stimulation' was adopted in June 1983 for a year and was followed by a specific ***programme*** for cooperation and interchange, adopted in March 1985 for four years. 17 Proposal for a Council Decision on the framework ***programme*** for Community scientific and technical activities 1984 to 1987, OJ C 169, pp. 11-13, 29 June 1983. 18 Resolution closing the procedure for consultation of the European Parliament on the proposal from the Commission of the European Communities to the Council for a European scientific and technical strategy: framework ***programme*** 1984 to 1987, OJ C 184, pp. 151-154, 11 July 1983. 19 Council resolution of 25 July 1983 on framework ***programmes*** for Community research, development and demonstration activities and a first framework ***programme*** 1984 to 1987, OJ C 208, pp. 1-4, 4 August 1983. 20 The European currency unit (ECU) was the former currency unit of the European Communities 21 Hence the FP1 budget and structure included some specific ***programmes*** already adopted before the adoption of the resolution (see Figure 1). 22 These criteria are known as the 'Riesenhuber criteria' after the then German research minister. EU framework ***programmes*** for research and innovation Page 9 of 35 support the establishment of the single market and help create a unified European research area (ERA). All the activities were to contribute to the definition and implementation of Community policies, as expected under Article 235. Despite the adoption of the FP resolution, the corresponding specific ***programmes*** were still adopted one by one throughout the duration of the ***programme*** (see Figure 1). Some Member States maintained their doubts about having more Community action in research rather than intergovernmental action. It would take a modification of the treaty, two more iterations of the FP and the positive outcomes of key ***programmes*** such as ESPRIT to achieve a better rationalisation of the Community support for research.23 2.3 Streamlining Community research ***programmes*** 2.3.1 Research becomes a Community competence In the 1980s, the main objective of the Community was the establishment of the single market and its four associated freedoms of movement for goods, services, capital and people. In order to achieve this objective, the Single European Act (SEA) amending the three existing treaties was signed in 1986.24 The SEA introduced competencies for the Community in research with the objective to support the economic and industrial development of the Community and its overall competitiveness. Table 1 – Evolution of the legislative procedures for the articles in the Treaties that set out provisions for the adoption of the framework ***programme*** Legislation Single European Act EEC Treaty Maastricht Treaty TEC Amsterdam Treaty TEC Lisbon Treaty TFEU Article Procedure Article Procedure Article Procedure Article Procedure Framework ***programme*** 130i Consultation unanimity 130i.1 Co-decision unanimity 166.1 Co-decision QMV 182.1 OLP Specific ***programmes*** 130k Cooperation QMV 130i.3 Consultation QMV 166.3 Consultation QMV 182.3 Consultation Rules of participation – – 130j Cooperation QMV 167 Co-decision QMV 183 OLP Public-public partnerships 130m Cooperation QMV 130l Cooperation QMV 169 Co-decision QMV 185 OLP Joint undertakings 130o Consultation unanimity 130n Consultation unanimity 171 Consultation QMV 187 Consultation Data source: EPRS based on EUR-Lex – Text in italics indicates the requirement for adoption by the Council. QMV – Qualified majority voting; OLP – Ordinary legislative procedure. The procedure used to adopt FP1 and its specific ***programmes*** was introduced in the EEC Treaty, giving a firmer legal basis to the FP. The FP was to be adopted under the consultation procedure with unanimity in the Council, whereas the specific ***programmes*** would be adopted in cooperation with the Parliament and under a qualified majority of the Council (no longer unanimity as before). Additional articles provided for the Community to participate in ***programmes*** undertaken by several Member States (publicpublic partnership) or to set up joint undertakings for the execution of research ***programmes*** (Table 1).25 23 ESPRIT was the first research ***programme*** adopted in the field of information technology. Its special feature was close involvement of partners from the private sector. 24 The Single European Act entered into force on 1 July 1987. 25 The Commission mentioned the possibility of using these new possibilities offered by Articles 130m and 130o to implement parts of FP2, FP3, FP4 and FP5 (especially to encourage cooperation between Member States). However, they would not be used before the adoption of FP6 in 2002 (Article 169 EU framework ***programmes*** for research and innovation Page 10 of 35 The creation of the single market would imply the development of common standards and norms. The cohesion policy aspect, supported by the structural funds, would also contribute to the improvement of research capacities in less developed regions. Finally, implementation of the free movement of people required removal of the legal and social barriers impeding the mobility of researchers. In this context, the FP would progressively become a financial and ***programming*** tool to help establish the ERA. The Eureka ***programme*** While the SEA was being discussed and adopted, a new intergovernmental initiative supporting networking activities between public and private partners in technological development was launched. Proposed by France, and supported by Germany and the European institutions, Eureka was established by the Paris Declaration of July 1985. It was meant to complement Community ***programmes*** allowing for cooperation beyond the Community with a bottom-up approach, different from the top-down approach of the FP. The creation of Eureka illustrated the continued tension between the Community and intergovernmental approaches in the 1980s. 2.3.2 The second framework ***programme*** The preparation of FP2 began in September 1985 with the Commission communication presenting the priorities for the 1987 to 1991 period under the banner of a European technology community.26 The Commission clarified the objectives of the FP, introducing the concept of subsidiarity that would later crystallise in European policies: 'the Community does not wish to usurp national authorities in the management and implementation of these activities but ... the coordinated ***planning*** of these ***programmes*** is necessary'. The Commission expected to work towards the identification of common objectives for FP2 and ensure consistency between national activities. The structure of FP2 was to resemble that of FP1 with thematic objectives and transversal actions. There would be a special focus on access and support to research infrastructure, research worker mobility, support for actors in the innovation process, including small and medium-sized enterprises (SMEs) and the involvement of non- Community European countries in the ***programme***. The Commission expected an increase in the Community budget for research and hoped that the modifications proposed by the SEA would simplify and speed up Community decision-making procedures. The guidelines for FP2 were clarified in a communication in March 1986 in which the Commission suggested a budget of ECU 10 billion for FP2.27 The Commission noted that 'the creation of a Science and Technology Community, which has been regarded as difficult, if not an impossible task to date, can now be guaranteed'. The additional criterion of establishing greater cohesion in the Community regarding research was added to the list of FP1 criteria for the selection of specific ***programmes***.28 This idea of increased public-public partnerships, now Article 185) and FP7 in 2007 (Joint Technology Initiatives under Article 171, now Article 187). 26 Towards a European technology community, Commission of the European Communities, COM(85) 350, 30 September 1985. 27 Guidelines for a new Community Framework ***programme*** of technological research and development 1987-1991, Commission of the European Communities, COM(86) 129, 17 March 1986. 28 The introduction of this criterion marked the beginning of the tension between the idea of an FP based on scientific excellence without geographical considerations and that of an FP that should support scientific capacity throughout the Union. EU framework ***programmes*** for research and innovation Page 11 of 35 synergies between the FP and the structural funds was supported by the European Parliament in its June 1986 resolution.29 The resolution establishing FP2 was adopted in September 1987 by the Council under the procedures established by the SEA.30 The priorities were slightly modified when compared to the initial proposal, with seven selected topics: quality of life (health and environment), information and communication technologies (ICT) and services (including transport), modernisation of industrial sectors, biological resources, energy,31 science and technology for development, and marine resources. An eighth priority gathered the horizontal actions for human resources, infrastructure, forecast, and dissemination of results. The approved budget was ECU 5.4 billion, a 30 % d

ecrease from the proposed budget.32 About 30 specific ***programmes*** were adopted to implement FP2, still in a successive and unsynchronised way throughout the duration of FP2 (Figure 1). 2.3.3 The third framework ***programme*** In 1989, while the specific ***programmes*** of FP2 were still being adopted, the process of preparing FP3 began based on the idea of maintaining a rolling mechanism where successive FPs would overlap. In June 1989 the Commission adopted a discussion document aiming to provide a framework for Community research actions in the 1990s.33 This document followed the first evaluation of science and technology in Europe published in November 1988.34 This evaluation had pointed out nine key challenges for Community research policy including: balancing support between basic and applied research; links between universities and industries; incentives for stronger private sector investment; coordination of national policies and cohesion action for less developed regions; and cooperation with third countries. The Commission insisted on the role played by the FP to support competitiveness and improve the quality of life of the citizens. It also noted the increasing importance of new technologies such as ICT, biotechnologies and new materials. It stressed the need for better coordination and integration of skills and expertise, for more interaction between basic and applied research and between the ***producers*** and users of the technologies. The Commission intended to develop FP3 around three guiding principles: the institutional basis offered by the treaties; a method of action based on application of the subsidiarity principle; and a political commitment for more cohesion by reducing disparities between regions, although excellence should remain the key criterion. Community action should continue to be limited to pre-competitive activities. Finally, greater selectivity should be applied to topics to limit the number of specific ***programmes***. 29 Resolution on the communication from the Commission of the European Communities to the Council on The Science and Technology Community: Guidelines for a new Community Framework ***Programme*** of technological research and development: 1987-1991, OJ C 176, pp. 19-21, 14 July 1986. 30 Council Decision of 28 September 1987 concerning the framework ***programme*** for Community activities in the field of research and technological development (1987 to 1991), OJ L 302, pp. 1-23, 24 October 1987. 31 Including nuclear energy, as FP2 also covered the research ***programme*** under the Euratom Treaty. 32 The Commission had adopted its proposal for FP2 in August 1986 with a budget of ECU 7.7 billion. The Parliament had adopted its opinion on the proposal in December 1986. 33 A framework for Community RTD actions in the 90's, Commission of the European Communities, SEC(89) 675, 13 June 1989. 34 First report on the state of science and technology in Europe, Commission of the European Communities, COM(88) 647, 29 November 1988. EU framework ***programmes*** for research and innovation Page 12 of 35 The Commission proposal for FP3 included only five thematic areas and a transversal priority on human capital and mobility, with a budget of ECU 7.7 billion.35 The decision establishing FP3 was adopted by the Council in April 1990 for the 1990 to 1994 period with a budget of ECU 5.7 billion.36 The adoption of the ***programme*** and its budget led to a confrontation between the Council and the Parliament, as the latter had requested a budget of ECU 8.23 billion. In the following years, the budget adopted for FP3 would be considered too low. Delays in the adoption of FP4 led the Commission in July 1992 to propose an additional budget of ECU 1.6 billion for FP3 to avoid a drop in Community support in 1993-1994.37 The Council approved an increase of ECU 900 million for FP3 in March 1993, leading to an overall budget for FP3 of ECU 6.6 billion, a 14 % decrease from the initial Commission proposal.38 FP3 was implemented by 15 specific ***programmes*** adopted between June 1991 and April 1992. For the first time, all these specific ***programmes*** were to end at the same time in December 1994, marking a first step in synchronising the FP and its specific ***programmes*** (Figure 1). While completion of the single market was still a major aspect in the development of the FP, others were also added, such as introducing a European dimension to research training, boosting economic and social cohesion, and including aspects regarding environmental protection and quality of life. FP3 introduced the idea of multidisciplinarity and the concept of addressing technological challenges. It also marked clear tensions between the Member States in the Council on one side and the Commission and Parliament on the other, especially regarding the budget. These tensions originated partially from two different views on the part of the Member States: either the FP was seen as a source separate from national research budgets (additionality position) or as an extension of these budgets (attribution position). All these developments would impact the modification of the research title in the treaties and the definition of future framework ***programmes***. 2.4 The outcomes of the Maastricht Treaty 2.4.1 A new approach to research policy The treaty of Maastricht, which entered into force on 1 November 1993, modified the legal basis for the framework ***programme*** in the Treaty establishing the European Community (TEC) slightly, but these modifications had major consequences. The updated Article 130f broadened the scope of Community activities in research beyond simply strengthening the competitiveness of European industry to all research activities supporting any goal pursued by the Union. This made research policy a fully horizontal policy and allow it to cover basic research39 as well as research in the fields of health, 35 Proposal for a Council Decision concerning the framework ***programme*** of Community activities in the field of research and technological development (1990 to 1994), Commission of the European Communities, COM(89) 397, 4 August 1989. 36 Council Decision of 23 April 1990 concerning the framework ***Programme*** of Community activities in the field of research and technological development (1990 to 1994), OJ L 117, pp. 28-43, 8 May 1990. 37 Proposal for a Council decision concerning supplementary financing of the third framework ***programme*** of Community activities in the field of research and technological development (1990 to 1994), Commission of the European Communities, COM(92) 309, 15 July 1992. 38 Council Decision of 15 March 1993 adapting Decision 90/221/Euratom, EEC concerning the Framework ***Programme*** of Community activities in the field of research and technological development (1990 to 1994), OJ L 69, pp. 43–44, 20 March 1993. 39 The Commission noted in a document of April 1992 that 'with the exception of 'curiosity-oriented' research, no fundamental research sector can, a priori, be excluded from Community ***intervention***. EU framework ***programmes*** for research and innovation Page 13 of 35 environment or social sciences for example. The subsidiarity principle – formally introduced in the treaty – was translated in research by setting Community and national research policies on an equal footing, requiring them to be 'mutually consistent'. The FP was now a fully-fledged financial tool as its adopted budget became the 'maximum overall amount' to be dedicated to research activities over the period considered. Regarding these developments, the Commission reaffirmed the supremacy of the scientific excellence criterion, although also mentioning the need for more cohesion.40 It criticised the inertia in the process to define a new FP, referring to the lack of selectivity, the tendency to disperse rather than concentrate, and the lengthiness of the legislative procedure. The Commission stated that 'Community research strategy must be replanned' by combining continuity and innovation. It noted that the coordination of national policies had become a task in which the Commission should play a greater role. The Commission considered that Community research policy had to be 'put at the service of a whole range of wider problems, centred on Europe and on society'. This aspect would be essential in introducing common challenges to the FP in the following decades. The Commission reflected on the possibility of establishing a special 'kiosk' for SMEs and confirmed the principle of rolling ***programmes***. 2.4.2 A new structure for the framework ***programme*** The Maastricht Treaty modified the process for the adoption of the framework ***programme***, which would, from now on, imply the adoption of several decisions:  a decision from the Council and the Parliament regarding the structure of the FP and its budget for the period considered adopted under the co-decision procedure with unanimity in Council (see Table 1);41  a Council decision on the rules of participation and dissemination of the results adopted under the cooperation procedure; and  a Council decision for each of the specific ***programmes*** implementing the FP adopted under the consultation procedure.42 These new procedures, different from those set up in the Euratom Treaty for the adoption of the nuclear research ***programme***, implied that this ***programme*** could no longer be included in the FP and would be established under separate decisions.43 The Commission also decided that the structure of the FP should abide strictly by the list of four activity types set out in the Treaty (Article 130g):  transnational/cooperative research, technological development and demonstration ***programmes*** on selective topics;  cooperation with third countries and international organisations;  dissemination and optimisation of the results of activities in Community research;  stimulation of the training and mobility of researchers in the Community.44 This strict interpretation of the Treaty would guide the definition of FP4 and FP5. 40 The documents for the preparation of FP4 mention the need to strengthen synergies between research policy and structural policy, and between the FP and the structural funds. 41 Research was the only field for which the unanimity of the Council was still required. 42 This marked a reduction of the influence of the European Parliament from the previous situation where the cooperation procedure was used for the adoption of the specific ***programmes***. 43 The adoption of the nuclear energy research ***programmes*** after FP3 is not covered in this paper. 44 This mobility scheme is now known as the Marie Sklodovska Curie actions (MSCA). EU framework ***programmes*** for research and innovation Page 14 of 35 2.4.3 FP4: enlarging the scope of the framework ***programme*** The Commission presented its first discussion document for the preparation of FP4 in September 1992 with a ***planned*** budget of ECU 14.7 billion for the 1994 to 1998 period.45 In April 1993, a second working document was adopted with a ***planned*** budget of ECU 13.1 billion.46 The Commission aimed to impose greater selectivity on the topics chosen, further integration of national, Community and European activities and increase the flexibility of Community activities.47 The Commission's formal proposal for the decision on FP4 was adopted in June 1993 with a budget of ECU 11.625 billion.48 Whereas the Commission had proposed seven themes for FP4, the decision49 adopted by the Council and the European Parliament in April 1994 included 13 topics under the first activity of the FP, showing the difficulty in applying the principle of selectivity.50 Hence the topics remained similar those defined in the previous FPs: ICT, industrial technologies, environment, life sciences, ***agriculture*** and fisheries, life sciences, nonnuclear energy and transport. The novelty was the introduction of targeted socioeconomic research. The adopted budget of ECU 11 billion was raised to ECU 11.7 billion in March 1996 and slightly increased again in December 1997 (by ECU 115 million).51 The final budget for FP4 was then slightly superior to the formal proposal from the Commission, and 10 % under the initially ***planned*** budget. The establishment of FP4 also required the adoption of rules on participation and dissemination; these became effective in November 1994.52 The adoption of the 17 specific programmes53 implementing FP4 took place between July and December 1994 marking the achievement of full synchronisation between the FP and the specific ***programmes*** (see Figure 1 above). 2.4.4 FP5: a shift towards the needs of the Community and its citizens The preparation of FP5 was guided by the idea of extending the scope of Community research policy and its main instrument, the FP, to put it at the service of society. In July 1996 the Commission noted that Community research had so far been based largely on technical achievement and that 'the aim now is to make research more efficient and 45 Working document of the Commission concerning the fourth framework ***programme*** of Community activities in the field of research and technological development (1994-1998), Commission of the European Communities, COM(92) 406, 9 October 1992. 46 Second Commission working document concerning RTD policy in the Community and the fourth framework ***programme*** (1994-98) of Community RTD activities, Commission of the European Communities, COM(93) 158, 22 April 1993. 47 The second working document mentions clearly that one objective of the FP should be closer integration to create the 'European research area'. 48 Proposal for a Council Decision concerning the fourth framework ***programme*** of the European Economic Community activities in the field of research, technological development and demonstration (1994 to 1998), Commission of the European Communities, COM(93) 276, 16 June 1993. 49 Decision No 1110/94/EC of the European Parliament and of the Council of 26 April 1994 concerning the fourth framework ***programme*** of the European Community activities in the field of research and technological development and demonstration, OJ L 126, pp. 55-87, 18 May 1994. 50 The adoption of the FP4 decision gave rise to the first trilogue between Council, Parliament and Commission. 51 See the first and second decisions amending the budget of FP4. 52 Council Decision of 21 November 1994 concerning the rules for the participation of undertakings, research centres and universities in research, technological development and demonstration activities of the European Community, OJ L 306, pp. 8-11, 30 November 1994. 53 One for each of the 13 topics under the first activity and one for each of the three other activities. EU framework ***programmes*** for research and innovation Page 15 of 35 increasingly directed towards meeting basic social and economic needs'.54 The Commission's aim was to satisfy the expectations of European Union (EU) citizens and have a positive impact on employment and competitiveness. It reaffirmed the principle of excellence and the need to improve cooperation and 'create a real European scientific area and single market'. The Commission stressed again the need to be more selective, to wind up activities, to ensure a greater concentration of resources and to simplify the decision-making procedure by reducing the number of ***programmes***.55 In November 1996 and February 1997 the Commission adopted two working papers in which it discussed the objectives and structure of FP5.56 The Commission proposal for FP5 was adopted in April 1997 founded on the guiding principles of concentration and flexibility.57 The Commission proposed three thematic ***programmes*** under the first activity, shaped no longer as topics but as challenges: unlocking the resources of the living world and the ecosystem; creating a user-friendly information society; and promoting competitive and sustainable growth. The three other activities were also renamed as: confirming the international role of European research; innovation and participation of SMEs; and improving human potential. The budget was proposed simply as a percentage breakdown for each of these six actions. It was updated in August 1997 with a proposed budget for FP5 of ECU 14.833 billion.58 The preparation of the specific ***programmes*** for FP5 was conducted in parallel.59 The decision establishing FP5 was adopted in December 1998 together with the rules on participation and dissemination.60 The three original themes under the first activity were reorganised as four: quality of life and management of living resources; user-friendly information society; competitive and sustainable growth; and energy, environment and sustainable development (see Figure 2). The budget adopted for FP5 was ECU 13.7 billion, 7 % under the initial proposal of the Commission. The seven specific ***programmes*** plus the one for the JRC were adopted all together in January 1999.61 FP5 was the last framework ***programme*** adopted under the unanimity rule in the Council. The Treaty of Amsterdam, which entered into force on 1 May 1999, modified the procedure for adopting the FP, requiring only a qualified majority of the Council. 54 Inventing tomorrow: Europe's research at the service of its people, Commission of the European Communities, COM(96) 332, 10 July 1996. 55 The Commission also suggested adjusting the work ***programmes*** implementing the specific ***programmes*** regularly – potentially annually – and increasing flexibility by including in the FP nonallocated budgets in order to be able to respond to needs not originally foreseen. 56 Towards the 5th framework ***programme***: additional material for the policy debate, COM(96) 595, 20 November 1996 and Towards the 5th framework ***programme***: scientific and technological objectives, COM(97) 47, 12 February 1997. 57 Proposal for a European Parliament and Council Decision concerning the 5th Framework ***Programme*** of the European Community for research, technological development and demonstration activities (1998-2002), Commission of the European Communities, COM(97) 142, 30 April 1997. 58 This update followed the adoption in July 2000 of the 'Agenda 2000' and its corresponding budget for the period 2000-2006. 59 Commission working paper on the specific ***programmes***: starting points for discussion, Commission of the European Communities, COM(97) 553, 5 November 1997. 60 OJ L 26, pp. 1-33 and pp. 46-55, 1 February 1999. 61 OJ L 64, pp. 1-141, 12 March 1999. EU framework ***programmes*** for research and innovation Page 16 of 35 Figure 2 – Evolution of the structure of the framework ***programme*** from FP4 to Horizon 2020 Data source: EPRS based on EUR-Lex. EU framework ***programmes*** for research and innovation Page 17 of 35 2.5 Implementing the European research area 2.5.1 The European research area concept In September 1999, while the implementation of FP5 was underway, Philippe Busquin became Commissioner for Research. Taking stock of the work of his predecessors, he successfully launched and developed the concept of the European research area (ERA), starting with a communication adopted in January 2000.62 The ERA was to be part of the Lisbon strategy, adopted by the European Council in March 2000 and aiming to make the European Union 'the most competitive and dynamic knowledge-based economy in the world'.63 After decades maturing, the ERA's objective was to address the 'fragmentation, isolation and compartmentalisation of national research systems' and 'the lack of coordination in the manner in which national and European research policies are implemented'. This concept formed a strong base for a research policy at European level. In this context the FP was to become the main tool to implement this policy.64 2.5.2 FP6: A tool to implement the ERA In October 2000, the Commission adopted a communication regarding the broad direction for the next framework ***programme***, FP6.65 In the context of the ERA, there was 'a need to reassess the shape and content of EU research activities' so that they could 'exert a more 'structuring' effect on European research'. This meant for the Commission the development of new instruments and the 'full application of the principle, enshrined in the treaty, of complementarity between EU research activities and Member States' research activities'. The new FP should be geared towards the overall coherence of European scientific cooperation and take into account both regional and international dimensions. It should be focussed on a limited number of priorities, apply the concept of European added value and favour the criterion of excellence. This meant that the FP had to be 'revamped' in terms both of its design and how it was implemented.66 New instruments proposed included funding for the networking of national ***programmes***,67 the establishment of networks of excellence and provisions for largescale targeted research projects. The FP should also be geared more towards support for the innovation process and, specifically, support for SMEs. The budget for the activities in the areas of research infrastructure and human resources, especially mobility, should be increased. Finally there should be a greater focus on interactions between science, society and citizens. 62 Towards a European research area, Commission of the European Communities, COM(2000) 6, 18 January 2000. 63 Presidency conclusions, Lisbon European Council, 23 and 24 March 2000. 64 More information about the history, development and implementation of the concept of ERA can be found in The European Research Area, EPRS, V. Reillon, March 2016. 65 Making a reality of the European research area: Guidelines for EU research activities (2002-2006), Commission of the European Communities, COM(2000) 612, 4 October 2010. 66 As to implementation, DG Research would progressively focus more on the development of the policy while implementation tasks regarding the FP would be externalised to dedicated agencies or other Community structures. 67 Public-public partnerships such as Article 169 (now Article 185) partnerships and the ERANETs. EU framework ***programmes*** for research and innovation Page 18 of 35 The Commission adopted its proposal for FP6 in March 2001.68 The objective was to step up the role of the FP in supporting the development of scientific and technical excellence in Europe, to increase its impact on the innovation process and to reinforce its contribution to integrating European research. The Council and European Parliament adopted the decision on FP6 in June 2002, with the structure proposed by the Commission.69 The previous four-activity structure was replaced entirely by a new one with three ***programmes***.70 Under the first ***programme*** 'Focusing and integrating Community research', seven thematic topics were defined covering the same areas as in the previous FP with the addition of space and a topic on 'citizens and governance in a knowledgebased society'. Support for policy development, for SMEs and for international cooperation was also included in this ***programme***. The second ***programme*** 'Structuring the ERA' covered support for innovation, human resources, research infrastructure and the topic 'Science and society'. Finally the last ***programme*** 'Strengthening the foundation of the ERA' gathered together actions to coordinate activities and promote the coherent development of research and innovation policies in Europe (see Figure 2). FP6 had a budget of €16.3 billion for the 2002 to 2006 period, an amount corresponding to the initial proposal from the Commission, although funds were reallocated between the various ***programmes***. This was on account of the fact that the multi-annual financial framework had been adopted in 1999 for the 2000 to 2006 period, meaning that the amount available for FP6 had already been agreed upon. Following the enlargement of the EU, the budget for FP6 was raised to €17.9 billion in April 2004.71 2.5.3 The seventh framework ***programme*** FP6 triggered the diversification and multiplication of instruments to implement the FP. Coordination with national ***programmes*** was implemented by creating public-public partnerships, such as the ERA networks (ERANETs) and the Article 169 partnerships. Various public-private partnerships were also launched, including the European technology platforms (ETP).72 In March 2002, the European Council had set the objective of achieving a research effort of 3 % of EU gross domestic product (GDP) by 2010.73 In 2003, the Commission prepared an action ***plan*** in order to reach this target, in which the FP and its instruments played a 68 Proposal for a decision of the European Parliament and of the Council concerning the multiannual framework ***programme*** 2002-2006, Commission of the European Communities, COM(2001) 53, 1 March 2001. 69 Decision No 1513/2002/EC of the European Parliament and of the Council of 27 June 2002 concerning the sixth framework ***programme*** of the European Community for research, technological development and demonstration activities, contributing to the creation of the European research area and to innovation (2002 to 2006), OJ L 232, pp.1-33, 29 August 2002. 70 Nevertheless, only two specific ***programmes*** (plus the one for the JRC) were adopted in September 2002 to implement FP6, as the first and third ***programmes*** were included in the same specific ***programmes***. The rules of participation for FP6 were adopted in December 2002. 71 Decision No 786/2004/EC of the European Parliament and of the Council of 21 April 2004 with a view to adapting the reference amounts to take account of the enlargement of the European Union, OJ L 138, pp. 7-11, 30 April 2004. 72 The European technology platforms were the first form of EU public-private partnerships in research. 73 Presidency Conclusions, Barcelona European Council, SN 100/1/02 REV 1, 15-16 March 2002. In 2002, the OECD estimated research intensity in the EU15 at 1.81 %. EU framework ***programmes*** for research and innovation Page 19 of 35 major role.74 A year later, in June 2004, the Commission adopted a communication regarding the guidelines for the preparation of FP7.75 The new FP would be designed to help reach the 3 % target with an increased budget. It was to support the establishment of a 'critical mass' of resources, strengthen excellence and exercise a 'catalytic' effect on national initiatives. The Commission proposed six major objectives for FP7:  creating European centres of excellence through collaboration;  launching European joint technology initiatives (JTIs) as public-private partnerships;76  creating a European Research Council (ERC) promoting competition at EU level;  making Europe more attractive to the best researchers;  developing the research infrastructures of European interest; and  improving the coordination of national research ***programmes***. The enlargement of the Union was seen as a challenge to make sure that all the new Member States could 'take the road to excellence'. Complementarity between the FP and the structural funds appeared necessary to reach that goal. Once again the Commission pointed out the need to identify topics of major European interest and the need to support the Union's political objectives. The issue of security was to be added as a new topic. The Commission also noted that the low success rate under FP6 – 20 % of proposals received funded overall, with 50 % of the proposals evaluated as excellent financed – was a growing issue. In terms of implementation, it stressed the need to pursue and extend the use of the executive agencies, increase the transparency of the evaluations, reduce delays and minimise the costs of preparing projects. The Commission adopted its proposal for FP7 in April 2005, a few months after the Barroso Commission took office, with the objective of 'building an ERA of knowledge for growth'.77 In the context of the relaunch of the Lisbon strategy, FP7 was prepared not to be 'just another framework ***programme***'. The extension of the scope of the FP towards exploratory research and innovation activities and the multiplication of funding schemes and instruments that had begun under FP6 pointed to the need to simplify and rationalise the implementation of the FP. The Council and the Parliament adopted the package of decisions regarding FP7 in December 2006.78 FP7 marked the end of the overlap between two consecutive FPs, as FP6 finished in December 2006 and FP7 started in January 2007. The length of the ***programme*** was extended to seven years to match the length of the multiannual financial framework (MFF). The budget of €50 billion adopted presented a strong increase compared with FP6 but a 30 % reduction from the initial Commission proposal of €73 billion. 74 Investing in research: an action ***plan*** for Europe, Commission of the European Communities, COM(2003) 226, 4 June 2003. 75 Science and technology, the key to Europe's future - Guidelines for future European Union policy to support research, Commission of the European Communities, COM(2004) 353, 16 June 2004. 76 The JTIs were implemented by establishing joint undertakings under Article 171, now Article 187 TFEU. 77 Building the ERA of knowledge for growth, Commission of the European Communities, COM(2005) 118, 6 April 2005. 78 For the decisions on the FP, the specific ***programmes*** and the rules of participation and dissemination, see OJ L 412, OJ L 400 and OJ L 391, 30 December 2006. EU framework ***programmes*** for research and innovation Page 20 of 35 The structure of the ***programme*** was renewed and organised around four objectives:  cooperation: support for transnational research projects in 10 thematic areas, with security as a new area and space as an area on its own;  ideas: supporting bottom-up research projects with individual grants via the establishment of the European Research Council (ERC);  people: strengthening human capital in research and support mobility; and  capacities: supporting key aspects of European research and innovation capacities (infrastructures, regional clusters, SMEs, international cooperation). Support for research and innovation activities was also provided under other EU ***programmes*** adopted at the same time as FP7 such as the structural funds and the Competitiveness and Innovation ***Programme***. Moreover, the president of the Commission had in 2005 proposed setting up a new EU institution supporting research and innovation: the European Institute of Innovation and Technology (EIT).79 This new entity was financed outside FP7 under its own budget. 2.6 Supporting innovation 2.6.1 Research policy in the Lisbon Treaty The Treaty of Lisbon, which was signed in December 2007, entered into force on 1 December 2009. It renamed the treaty establishing the European Community as the Treaty on the Functioning of the European Union (TFEU).80 It clarified the competences of the EU and recognised research as a shared competence, yet set limitations for the Union. The objectives of EU research policy were broadened: the original focus on 'Community industry', introduced in 1986, shifted to implementation of the ERA concept. Article 179(1) TFEU made this last point a legal requirement stating that 'the Union shall have the objective of strengthening its scientific and technological bases by achieving a European research area in which researchers, scientific knowledge and technology circulate freely, and encouraging it to become more competitive, including in its industry, while promoting all the research activities deemed necessary by virtue of other Chapters of the Treaties'. However the articles regarding the adoption of the FP remained unchanged (Table 1).81 2.6.2 The innovation union policy In March 2010, the newly appointed Barroso II Commission, with Máire Geoghegan- Quinn as Commissioner for Research, Innovation and Science, presented the Europe 2020 strategy for smart, sustainable and inclusive growth.82 The 'smart' aspect of the strategy was grounded on developing an economy based on knowledge and innovation. The 'innovation union' was introduced as one of the seven flagship initiatives of the strategy aiming 'to improve framework conditions and access to finance for research and innovation so as to ensure that innovative ideas can be turned into 79 For more information on the EIT, see V. Reillon, The European Institute of Innovation and Technology, EPRS, European Parliament, September 2016. 80 Consolidated version of the Treaty on the Functioning of the European Union, OJ C 326, pp. 47–390, 26 October 2012. 81 The co-decision procedure was renamed the 'ordinary legislative procedure'. 82 Europe 2020 A strategy for smart, sustainable and inclusive growth, European Commission, COM(2010) 2020, 3 March 2020. EU framework ***programmes*** for research and innovation Page 21 of 35 products and services that create growth and jobs'. The target of 3 % of GDP invested in research and innovation, expected to be achieved in 2010, was reset for 2020.83 The 'innovation union' flagship initiative was presented by the Commission in October 2010.84 This communication marked a clear shift by considering innovation to be 'the overarching policy objective' and that the EU and the Member States had 'to adopt a much more ***strategic*** approach to innovation'. The innovation union initiative was designed to address six priority areas:  strengthening the knowledge base and reducing fragmentation;  getting good ideas to the market;  maximising social and territorial cohesion;  creating European innovation partnerships;85  leveraging EU policies externally; and  making it happen. The first priority aimed to deliver the ERA and to streamline EU research and innovation funding instruments. Hence the innovation union flagship policy provided a new framework that would influence the structure of the successor to FP7. 2.6.3 Horizon 2020 The alignment of the FP with the MFF implied that the discussion about the various EU ***programmes*** and their budgets needed to take place before the Commission proposals for each ***programme***. In February 2011 the Commission adopted a communication on the different ***programmes*** supporting research and innovation activities.86 The Commission noted that research and innovation were 'key drivers' for building the EU's future, enhancing the welfare of EU citizens and securing EU competitiveness, and that Europe needed to make a 'step change in its research and innovation performance'. The Commission proposed to merge existing ***programmes*** under a common ***strategic*** framework simplifying and streamlining existing instruments and rules to make 'EU funding more attractive and easy to access for participants'. The ambition of the ***programme*** was to cover and support all the activities in the 'innovation chain in a seamless manner'.87 The Commission noted the underinvestment in research and innovation in Europe and the costly duplication and fragmentation of the support for these activities, and that national and regional governments were still largely working according to separate strategies. The interim evaluation of FP7 had concluded that the key features of the FP were support for cross-border collaborative research and the building and sustaining of European networks.88 New instruments such as the ERC and the financial instruments were 83 The OECD estimated research intensity in the EU-28 to be 1.84 % in 2010. 84 Europe 2020 Flagship Initiative Innovation Union, European Commission, COM(2010) 546, 6 October 2010. 85 For more information, see V. Reillon, European Innovation Partnerships, EPRS, European Parliament, May 2017. 86 From challenges to opportunities: towards a common ***strategic*** framework for EU research and innovation funding, European Commission, COM(2011) 48, 9 February 2011. 87 For more information on innovation policy, see V. Reillon, Understanding innovation, EPRS, European Parliament, February 2016, V. Reillon, EU Innovation Policy – Part I, EPRS, European Parliament, May 2016 and V. Reillon, EU Innovation Policy – Part II, EPRS, European Parliament, May 2016. 88 Interim evaluation of the seventh framework ***programme*** – report of the expert group, European Commission, 12 November 2010. EU framework ***programmes*** for research and innovation Page 22 of 35 considered a success. The evaluation also mentioned that the focus for the next FP should be on excellence, competitiveness and addressing societal challenges. The ***programme*** should speed up progress towards a genuinely unified ERA and remain open to the world. The complementarity between the FP and the cohesion fund was also to be improved. The Commission adopted its proposal for the eighth framework ***programme***, named Horizon 2020, in November 2011.89 Whereas the European Parliament had requested a budget of €100 billion in its resolution on the common ***strategic*** framework, the Commission proposed a budget of €87.7 billion.90 Horizon 2020 would be structured around three pillars corresponding to the three priorities identified in February 2011: excellent science; industrial leadership; and societal challenges. The EIT would be integrated into the FP as would some parts of the Competitiveness and Innovation ***Programme***. After two years of negotiations, the Council and the European Parliament adopted the regulations establishing Horizon 2020 in December 2013.91 The budget adopted for Horizon 2020 was €77 billion. One of the six initial challenges of the proposal was split in two resulting in seven identified societal challenges: health, food security, energy, transport, climate and environment, inclusive societies and secured societies. Two specific objectives were added to the three pillars on 'spreading excellence and widening participation' and on 'science with and for society'. The rules of participation were made simpler and common to all parts of the ***programme***.92 However, Horizon 2020 remained a complex ***programme*** managed by nine different directorates-general of the Commission and implemented by 22 different bodies.93 In June 2015 the Horizon 2020 budget was reduced to €74.8 billion by the adoption of the European Fund for ***Strategic*** Investments. The interim evaluation presented by the Commission in May 2017 confirmed that Horizon 2020 was relevant and that its efficiency had increased compared with FP7. However, the ***programme*** suffered from oversubscription with a very low success rate of 11.6 % (18.5 % for FP7) and a large share of excellent proposals remaining unfunded.94 89 Proposal for a regulation of the European Parliament and of the Council establishing Horizon 2020 – The Framework ***Programme*** for Research and Innovation (2014-2020), European Commission, COM(2011) 809, 30 November 2011. 90 Resolution on the green paper: From challenges to opportunities: towards a common ***strategic*** framework for EU research and innovation funding, European Parliament, P7\_TA(2011)0401, 27 September 2011. 91 The regulation establishing the FP, the decision to establish a single specific ***programme*** for the FP, and the regulation on the rules of participation and dissemination were all adopted in December 2013. The amended regulation for the EIT and the EIT ***strategic*** innovation agenda were also adopted in December 2013. The regulations establishing the joint undertakings for the JTIs were adopted in May and June 2014. The decisions establishing the Article 185 partnerships were adopted in May 2014. The fact that only one specific ***programme*** was adopted for the implementation of Horizon 2020 shows that the specific ***programme*** has lost its importance. 92 The European Parliament had adopted a resolution concerning the simplification of the implementation of the framework ***programme*** in November 2010 following a communication from the Commission. 93 For more information on Horizon 2020, see V. Reillon, Horizon 2020 budget and implementation, EPRS, European Parliament, November 2015. 94 To date, more than €62 billion in additional funding would have been required to fund all 'excellent' proposals. EU framework ***programmes*** for research and innovation Page 23 of 35 The focus on excellent science had led to a concentration of funding, making progress on spreading excellence and broadening participation slow. Despite the structure being more coherent structure than for FP7, the evaluation mentioned that the large number of instruments had made the EU research funding landscape 'difficult to navigate'. Finally, the interactions between the FP and other EU funds – mainly the structural funds – remained complex and unsatisfactory. 2.7 Main aspects in the evolution of the framework ***programme*** As the number of research ***programmes*** undertaken by the Community in the 1970s was increasing, the purpose of the first framework ***programme*** was to provide coherent guidelines and a long-term view for the selection of the ***programmes*** to be supported by the Community. One of the most important aspects of FP1 was the definition of the selection criteria for these specific ***programmes***. In that sense, the FP was a flexible shell within which the specific ***programmes*** remained the most important components to be debated and agreed upon at Council level. FP1 also introduced horizontal activities providing EU support for the research system beyond support for thematic activities. Following the adoption of the Single European Act and the provisions of a stronger legal basis for the FP in the Treaties, FP2 and FP3 progressively achieved the synchronisation of the FP with its specific ***programmes***. The result was to invert the ***strategic*** importance of the FP and the specific ***programmes***: the FP was becoming not only a coordination and ***planning*** tool but also a financial instrument whose structure and budget would constrain the content and budget of the specific ***programmes***. These first three framework ***programmes*** were focussed on supporting pre-competitive research activities. They also targeted the implementation of the single market. The number of instruments used was limited mainly to shared cost contracts for transnational cooperative research projects. After the adoption of the Maastricht Treaty, the scope of the framework ***programme*** began to widen. Support for exploratory research activities was discussed as was increased support for a larger number of innovation-related activities. The horizontal activities – especially regarding human resources, mobility and research infrastructures – were also diversifying. FP5 provided a new direction for the framework ***programme*** by introducing the idea of research activities serving society and the citizen. The FP was getting away from its original focus on technological development towards the objective of helping to address the social challenges to be faced at European level. The introduction of the European research area policy would lead to a strong shift in the framework ***programme*** objectives and structure. Until 2000, the FP was promoting better coordination of research activities at EU level by funding transnational research projects. It could not support an EU research policy as no such policy was clearly defined. The ERA policy provided a strong vision and framework for research in the Union. The FP became the financial tool supporting the implementation of this vision. This new role made it necessary to redefine the structure and objectives of the FP and to diversify the type of instrument. The multiplication of these instruments such as the various public-public and public-private partnerships, began creating increased complexity in the ***programme***. Under FP7, this continued with the creation of new structures such as the ERC, the JTIs and the EIT. Under these two FPs, the changes implied a redefinition of the management of the ***programme*** leading to the creation of executive agencies and other institutional bodies to manage the calls and the funds. EU framework ***programmes*** for research and innovation Page 24 of 35 With these new instruments, the initial focus of the FP on pre-competitive research activities had widened to include almost all the activities and actors participating in the innovation process. A redefinition of the scope of various EU ***programmes*** led to the acknowledgement with Horizon 2020 that the FP had become the 'framework ***programme*** for research and innovation'.95 This transformation had consequences in terms of the structure of the ***programme***, implementation, links with other EU funds, priority setting, focus on specific beneficiaries and rationalisation of instruments. 3. Key data on the evolution of the framework ***programme*** 3.1 The evolution of the budget of the FP 3.1.1 The overall budget Figure 3 shows the evolution of the budget of the framework ***programme*** for research from FP1 to Horizon 2020 in current prices. The changes in the FP make it necessary to take into account the budget of different ***programmes*** to allow comparison. Figure 3 – Evolution of the budget of the EU framework ***programme*** for research (in million ECU/€) Data source: EPRS based on EUR-Lex. FPs 1 to 3 merged the budgets of the framework ***programme*** for research and of the Euratom research ***programme***.96 Following the evolution of the legislative process for the adoption of the FP after the Maastricht Treaty, these two ***programmes*** could no longer be merged. For this reason Figure 3 includes the additional budget of the Euratom 95 No longer the 'framework ***programme*** for research, technological development and demonstration activities' as were all FPs from FP4 to FP7. 96 The Euratom research ***programme*** can be adopted for a period of five years maximum. The budget for the Euratom research ***programme*** used for the period of seven years covered by Horizon 2020 is an extrapolation of the five years budget adopted in 2013 over seven years. The additional Euratom research ***programme*** is expected to be adopted in 2018 for the 2019 to 2020 period. EU framework ***programmes*** for research and innovation Page 25 of 35 research ***programme*** after FP3. When created, the EIT was funded outside the scope of FP7 but its budget and rules are now included in Horizon 2020. The EIT budget for 2006- 2013 is added in Figure 3. Finally, the EU funding provided for the International Thermonuclear Experimental Reactor (ITER) was included in the funding of the Euratom research ***programme*** for 2006-2013 but was adopted as a separate EU ***programme*** for the 2013 to 2020 period.97 The budgets in Figure 3 correspond to the budget adopted in current prices at the time of adoption of the ***programmes***. They do not offer a direct comparison of the budget of one ***programme*** with the others. However, they illustrate the increasing importance of the EU support for research and innovation activities. The share of the EU budget for research was below 2 % in 1981, before the adoption of FP1. It is currently around 7.5 %.98 3.1.2 Thematic and horizontal activities Under FP1, two kind of activities were defined. On the one hand, funding was provided for thematic activities on selected topics. On the other, a ***programme*** was designed to support horizontal activities with the aim of strengthening the European research system (research careers and mobility, research infrastructure, international cooperation, etc.). The funding of the JRC, the internal research centre of the Commission, represented a third component. Despite the changes in the structure of the FP, the separation between these different types of activities remained. Figure 4 – Evolution of support provided by the framework ***programme*** for different types of activities (in % of the total budget) Data source: EPRS based on EUR-Lex. 97 If not stated otherwise, the following figures are based on the cumulated budget of these different ***programmes***. 98 This figure takes into account only the ***programmes*** mentioned here (Horizon 2020, EURATOM research ***programme*** and ITER). About €40 billion of the European Structural and Investment Funds are also expected to be dedicated to research and innovation activities. See V. Reillon, Overview of EU funds for research and innovation, EPRS, European Parliament, September 2015. EU framework ***programmes*** for research and innovation Page 26 of 35 Figure 4 shows the evolution of the relative importance of each type of activities from one FP to the next. The fraction of funding for the non-nuclear JRC activities remained relatively constant. While the share of funding for horizontal activities doubled between FP1 and FP6, the share of funding for thematic activities decreased. The establishment of new instruments – the ERC and EIT – that go beyond the thematic/horizontal separation modified this dynamic as the share for horizontal activities decreased. 3.2 The evolution of the budget of thematic activities As shown by Figure 4, the share of funding for thematic activities under the FP has progressively decreased from almost 90 % in FP1 to slightly over 60 % in Horizon 2020. Figure 5 – Evolution of the support provided by the framework ***programme*** for the various thematic activities (% of the total budget) Data source: EPRS based on EUR-Lex. Whereas the Commission has constantly called for a better focus regarding the thematic areas – and sometimes a decrease in the number of topics – it appears that the same areas have been funded throughout the history of the framework ***programme***: energy, health and biotechnology, ICT, environment and climate, materials and processes, transport and space and agricultures and fisheries (see Figure 5). Specific areas on social sciences and humanities were added in FP6 and the topic of security was introduced in FP7. Despite the reduction in the share of FP funding for thematic activities, the constant increase in the FP budget meant that the budget for each topic usually increased from one FP to the next (see Figure 6). In cumulative terms, the field of ICT has been that with the highest overall budget followed by energy (nuclear and non-nuclear), health and transport and space (see Annex 1, Figure 1). Figures 5 and 6 also show how the budget of the ERC compares with the budget of the main thematic areas. Under Horizon 2020, the budget of the ERC is higher than the budget of any thematic area. Its cumulative budget for FP7 and Horizon 2020 reaches a level similar to the overall funding allocated to the topic of health since FP1. EU framework ***programmes*** for research and innovation Page 27 of 35 Figure 6 – Evolution of the support provided by the framework ***programme*** for the various thematic activities and the ERC (in million ECU/€) Data source: EPRS based on EUR-Lex. 3.3 Evolution of the budget for horizontal activities Figure 7 – Evolution of the support provided by the framework ***programme*** for the various horizontal activities (in million ECU/€) Data source: EPRS based on EUR-Lex. Horizontal activities include non-thematic activities aimed at supporting the research capacity of the Union. Under FP1 the main horizontal activities were support for international cooperation, and human resources and mobility. As the FP evolved, EU framework ***programmes*** for research and innovation Page 28 of 35 international cooperation moved from being a dedicated activity to being embedded in the thematic activities, with some calls targeting cooperation with specific countries. The data presented in Figures 7 and 8 reflect this trend. Figure 8 – Evolution of the support provided by the framework ***programme*** for the different horizontal activities (% of the total budget) Data source: EPRS based on EUR-Lex. The same figures show that the budget for human resources and mobility – namely the Marie Sklodovska Curie actions (MSCA) – has increased constantly since FP1 even if its share of the FP budget has decreased since FP6 (1.9 % of FP1, 9.1 % of FP6 and 7.7 % of Horizon 2020). The cumulative budget of horizontal activities (Annex 1, Figure 2) show the predominance of human resources and mobility activities over the years. The support for research infrastructure took off from FP5 onwards, as did support for the various measures for SMEs and activities related to innovation beyond research. 3.4 New instruments and beneficiaries From FP1 to FP5, the instruments used to implement the FP remained limited. With FP6, FP7 and Horizon 2020, new instruments and structures were progressively introduced:  public-public partnerships (P2P): ERANETs and Article 185 partnerships;99  public-private partnerships (PPP): joint technology initiatives, the European Institute for Innovation and Technology, and contractual PPPs;100  the European Research Council (ERC);  the SME instrument and the Fast Track to Innovation instrument;  risk finance instruments. 99 For more information see V. Reillon, Public-public partnerships in research, EPRS, European Parliament, October 2016. 100 For more information see V. Reillon, Public-private partnerships in research, EPRS, European Parliament, May 2017. EU framework ***programmes*** for research and innovation Page 29 of 35 Figure 9 – Evolution of the support provided by the framework ***programme*** for various types of beneficiary (% of total budget, nuclear energy not considered) Data source: EPRS based on EUR-Lex. Figure 10 – Evolution of the support provided by the framework ***programme*** for various types of beneficiary (million €, nuclear energy not considered) Data source: EPRS based on EUR-Lex. The creation of these different instruments meant that the share of funding attributed to original cooperative research projects, whose topics are defined in the work ***programme*** by the Commission, decreased (see Figure 9). The P2Ps and PPPs also fund mainly collaborative research projects but follow a different process, requiring intermediate structures and, usually, a different procedure for the attribution of funding. EU framework ***programmes*** for research and innovation Page 30 of 35 Despite the increase in the FP budget, the total funding for original cooperative research activities decreased between FP7 and Horizon 2020 (see Figure 10). With the creation of the ERC and the various instruments in support of innovation, the share of funding attributed to individual beneficiaries, initially mainly limited to the human resources and mobility actions (MSCA), tripled between FP6 and Horizon 2020. About one third of the budget of Horizon 2020 is dedicated to instruments funding mainly individual beneficiaries.101 4. Outlook 4.1 A framework ***programme*** for innovation Since FP1, the scope of the framework ***programme***, initially focussed on pre-competitive research, has widened to encompass all the activities of the innovation process. However, the term 'FP for research and innovation' can be misleading. Research is an activity per se – the production of knowledge – conducted by specific professionals – the researchers. Innovation is a process encompassing many different activities conducted by various actors that exchange knowledge, funds and skills. With this view of innovation, research is one activity in the innovation process. With this definition of innovation as a process, the FP has become the framework ***programme*** for innovation. Adopting this definition of innovation as a process would ease the discussions about the structure and objectives of the FP. It would open the way to define clearly what activities within the innovation process should be supported by the FP (research being one of them), to design the instruments that would support these activities more effectively at EU level, and to define the share of the funding to be devoted to each activity. 4.2 Implementation of EU policy By 2002, the FP had become the financial tool used to implement EU policy on research and innovation: the ERA policy (FP6 and FP7) and the Innovation Union flagship initiative (Horizon 2020). The FP was also meant to support the policy objective of achieving the allocation of 3 % of GDP to innovation in the EU. In that regard, the FP is expected to be the catalyst to increase public and private spending for innovation-related activities. However, the implementation of the ERA policy has been progressively delegated to the Member States102 – with monitoring by the Commission – and the innovation union policy has been abandoned with the last state of the innovation union report published in December 2015.103 Moreover, it appears that the objective 3 % will not be reached by 2020 as the data from the OECD show a stagnation below 2 % over the last years.104 There is currently no clear EU policy for innovation that would provide a framework for the definition of the next FP. The '3 'O's policy' (open innovation, open science and open 101 In Figures 9 and 10 the budget considered for individual beneficiary actions includes the full budget for the MSCA, the ERC, the SME instrument and the instrument for risk finance, although a limited part of the budget for these instruments can be used for collaborative actions. The budget considered for the ERANETs under Horizon 2020 corresponds to a projection of final funding based on the data currently available. 102 The European Research Area: time for implementation and monitoring progress, European Commission, COM(2017) 35, 26 January 2017. 103 State of the Innovation Union 2015, European Commission, December 2015. 104 See the data on the website of the OECD. EU framework ***programmes*** for research and innovation Page 31 of 35 to the world) focusses on some aspects of ERA and the innovation union but does not encompass all aspects of innovation in Europe.105 4.3 EU added value and subsidiarity The question of the added value of the EU ***programme*** for research has been at the centre of discussions since the beginning of the FP. The FP was supposed to complement the Member States' and their regions' research ***programmes***. It was necessary to define which activities would be better implemented and performed at EU level in order to strengthen the European innovation ecosystem. The definition of the Riesenhuber criteria in FP1 to select the specific ***programmes*** was one answer. The subsidiarity principle provided another conceptual framework that implied an objective of coherence of research policies at EU and Member State level and the coordination of Member States' policies and ***programmes***. Various studies have been conducted to define what EU added value (EAV) means in the research field.106 These studies concluded that it is difficult to find 'an operational definition of EAV which facilitates its measurement' and that EAV is a 'multi-faceted concept difficult to operationalise'. One recent study made a comprehensive inventory of the EAV aspects of the FPs.107 The authors listed various types of EAV, identified:  in the preparation of the proposals with the FP having positive effects on the reduction of commercial and scientific risks, creating a stronger competition at EU level and leveraging private and public funds;  in the factors that influence the outputs of FP projects, including the pooling of resources and the building of a critical mass of capacities, international and intersectoral mobility of researchers and research policy coordination;  in the medium-term outcomes with an improved level of research excellence and capacities, the economies of scale and scope, the better coordination of national research policies and the wider availability and dissemination of knowledge; and  in the long-term impacts, including the economic impacts and the better capacity to tackle societal and pan-European challenges. However, EAV cannot be quantified for all of these aspects. Also, the study showed that some aspects had limited or no EAV, such as the economies of scale and scope, and the production of open-access publications. They found no concrete evidence of research teams participating in the FP becoming more productive. They concluded that 'most of the beneficial effects in terms of EAV stem from the fact that the Horizon 2020 promotes cross-border, inter-sectoral, interdisciplinary cooperation'. The pooling of resources and building critical mass also stood out as one of the strongest areas for EAV. With the evolution of the FP, the EAV principle justified investment in large scale projects and infrastructures, in support for research tackling common societal challenges that spread beyond geographical boarders and in efforts to develop competition at EU level 105 Open innovation, open science, open to the world – A vision for Europe, European Commission, 17 May 2016. 106 See for example Identifying the constituent elements of the European Added Value of the EU RTD ***programmes***: conceptual analysis based on practical experience, Yellow Window, November 2000 and M. Stampfer, European Added Value of Community Research Activities, WWTF, October 2008. 107 Assessment of the Union added value and the economic impact of the EU framework ***programmes***, European Commission, 2017. EU framework ***programmes*** for research and innovation Page 32 of 35 (such as the action taken by the ERC). However, the constantly blurred lines regarding competencies on innovation-related activities between the EU, its Member States and their regions make it necessary to reassess the priorities and instruments developed at EU level continuously, in order to make sure that they are coherent and complementary with the ***programmes*** developed at a smaller geographical scale and that they bring measurable European added value. 4.4 Instruments and beneficiaries Collaborative transnational research projects have been the main instrument for the implementation of the FP. The evolution of the FP since FP6 has led to the creation of a large range of instruments and structures. One consequence of this diversification has been the increase in the share of the funding devoted to single beneficiary actions and instruments. Another consequence has been the multiplication of the types of beneficiary, including individual researchers and companies, public and private research organisations, and public-private consortia, but also ministries, agencies and other users of the FP. This situation has also resulted in a more diversified landscape of funding possibilities that includes various types of grants and loans. Whereas one of the aims of the FP was to help address the fragmentation of the EU's research landscape, the multiplication of instruments at EU level linked to the widening of the scope of the ***programme*** has created a new type of fragmentation in EU research funding. The FP can be seen today as a ***programme*** of ***programmes*** whose implementation – from the definition of the work ***programmes*** to the distribution of funds by Commission directorates-general, executive agencies or other EU bodies (JTIs, Article 185 partnerships) – has increased continuously in complexity. The mid-term evaluation of Horizon 2020 provides an opportunity to analyse the current situation in order to simplify the EU innovation funding landscape and reassess the efficiency and efficacy of each instrument, including the evaluation of their EAV. 4.5 Excellence versus cohesion The main criterion for selecting projects in the FP has always been the criterion of excellence. The FP has never included a geographical juste retour mechanism in the funding process. With FP2, the criterion of greater cohesion regarding research in Europe was added. The idea behind this cohesion criterion was to make sure that all regions in Europe could benefit from funding in order to develop their research capacity. However, these two aspects conflict with each other as the application of the excellence criterion tends to lead to a concentration of research and innovation capacities in some areas or regions. This problem has only increased as the European Union has grown larger. The FP must accommodate two diverging objectives. On the one hand it must help to keep Europe at the forefront of scientific research, which demands use of the excellence criterion. On the other hand it must provide tools to support all countries and regions in developing a competitive innovation ecosystem. This situation led to the creation of instruments under Horizon 2020 whose objectives are to 'spread excellence' and 'widen participation', with a limited budget (less than 2 % of the Horizon 2020 budget). The development of the innovation capacity of regions is also supported by the European structural and investment funds (ESIF). However, these funds, managed at regional level, follow different rules as regards how the funds can be used. Despite some efforts, the possibility of combining funding from the FP and the ESIF to support innovation-related projects remains limited. Reducing the innovation gap between Member States and EU framework ***programmes*** for research and innovation Page 33 of 35 between regions within the EU remains one issue that the FP and other EU funds need to address in a more effective manner in the future. 4.6 Priority setting At the origin of the FP, the topics for the specific ***programmes*** and the corresponding calls for proposals were selected and defined by the Council and the Commission. This is defined as a top-down approach. Despite Commission calls for more selectivity in the topics chosen, data shows that the same topics have been funded since FP1, with some additions along the way. With the introduction of new instruments the situation evolved with more and more instruments based on a bottom-up approach, meaning that no topics are predefined within the scope of a given instrument. The definition of the topics lies with the applicants. This is the case for most of the single beneficiary activities (MSCA, ERC, SME instrument, etc.). The establishment of intermediary structures such as the PPPs and the P2Ps also modified the priority-setting approach by involving the potential applicants more closely in the definition of the priorities and calls. 4.7 The context for FP9 The various aspects discussed above will frame discussions on FP9 and are to be the main points debated.108 FP9 will continue to support all the activities of the innovation process. It will not implement a precisely defined policy as the current EU research and innovation policies are blurred: it will support some activities linked with the establishment of the ERA; it will promote open science and open innovation approaches; it is expected to provide a new approach to international cooperation; and requests have been made for its budget to be greatly increased compared with Horizon 2020.109 However, the negotiations on the UK's withdrawal from the EU are holding up the adoption of the Commission proposal for the next MFF, delaying the discussion concerning the various EU ***programmes*** and casting uncertainty over their future budgets. Discussions will take place about all the different instruments in the FP and their efficiency, following the evaluation currently being conducted regarding Horizon 2020 implementation. The EU added value of the various activities and instruments will have to be debated. A potential reorganisation of the instruments could be envisaged with the objective of addressing the current fragmentation of EU funding instruments. The issue of the complementarity and interoperability of the FP with other EU funds such as ESIF is already being discussed by some stakeholders and should be further explored.110 For all the above aspects, a balance will have to be struck between:  the activities of the innovation process supported by the FP and the share of the budget dedicated to each of them; 108 All these aspects were mentioned in the issue papers prepared by the Commission for the high level group on maximising the impact of EU research and innovation ***programmes*** in February 2017. 109 The European Parliament requested a budget of €120 billion for FP9 in its resolution regarding the implementation of Horizon 2020. 110 Ambitious funding for excellent research in Europe post-2020, European University Association, May 2017 and Beyond the Horizon: LERU's views on the 9th Framework ***Programme*** for Research and Innovation, League of European Research Universities, June 2017. EU framework ***programmes*** for research and innovation Page 34 of 35  cooperative and single beneficiary activities;  activities directly funded with grants and those supported with loans;  the instruments in support of excellence and those in support of cohesion;  the top-down and bottom-up approaches for priority setting. The Commission has announced that FP9 will be developed around the concepts of excellence, openness and impact. The first discussion paper regarding the structure of FP9 is expected to be adopted by the Commission in autumn 2017. This will launch preparations for the adoption of the ***programme*** that are expected to be completed by December 2020. 5. Main references Andrée D, Priority-setting in the European research framework ***programme***, Vinnova, June 2009. Guzzetti L, A brief history of European Union research policy, European Commission, October 1995. Reillon V, EU Innovation policy – Part I and Part II, EPRS, May 2016. Reillon V, The European Research Area, EPRS, March 2016. Reillon V, Horizon 2020 budget and implementation, EPRS, November 2015. EU framework ***programmes*** for research and innovation Page 35 of 35 Annex 1 – Cumulative budget for thematic and horizontal activities for the various framework ***programmes*** Figure 1 – Cumulative budget for thematic activities and the ERC for the various framework ***programmes*** (million ECU/€) Data source: EPRS based on EUR-Lex. Figure 2 – Cumulative budget for horizontal activities, the JRC and the EIT for the various framework ***programmes*** (in million ECU/€) Data source: EPRS based on EUR-Lex. The framework ***programme*** for research was originally set up in the 1980s to streamline the adoption of Community research ***programmes***. With the subsequent iterations of the process and Treaty modifications, the framework ***programme*** became a financial and ***strategic*** tool to support and implement EU research and innovation policies. As the scope of the framework ***programme*** widened and with the multiplication of the type of instruments used to implement it, the framework ***programme*** progressively supported all activities of the innovation process, research being just one of them. As the discussions on the structure and content of FP9 are expected to begin in autumn 2017, this paper reflects on the evolution of the framework ***programme*** since its origin and points out key issues that will be debated in the coming years among the European institutions, the Member States and stakeholders regarding the structure of the framework ***programme***, its objectives and its implementation. This is a publication of the Members' Research Service Directorate-General for Parliamentary Research Services, European Parliament This document is prepared for, and addressed to, the Members and staff of the European Parliament as background material to assist them in their parliamentary work. The content of the document is the sole responsibility of its author(s) and any opinions expressed herein should not be taken to represent an official position of the Parliament. PE 608.697 ISBN 978-92-846-1687-9 doi:10.2861/60724 QA-06-17-022-EN-N

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**Body**

Washington: Office of the Federal Register has issued the following notice:

DEPARTMENT OF ***AGRICULTURE*** Rural Business-Cooperative Service Inviting Applications for Rural Cooperative Development Grants AGENCY: Rural Business-Cooperative Service, USDA. ACTION: Notice. ----------------------------------------------------------------------- SUMMARY: This Notice announces that the Rural Business-Cooperative Service (Agency) is accepting fiscal year (FY) 2018 applications for the Rural Cooperative Development Grant (RCDG) ***program***. The RCDG ***program*** is authorized under section 310B(e) of the Consolidated Farm and Rural Development Act (CONACT). The purpose of this ***program*** is to provide financial assistance to improve the economic condition of rural areas through cooperative development. Eligible applicants include a non-profit corporation or an institution of higher education.

[[Page 24727]] DATES: Completed applications must be submitted on paper or electronically according to the following deadlines: Paper applications must be postmarked and mailed, shipped, or sent overnight no later than July 30, 2018. You may also hand carry your application to one of our field offices, but it must be received by close of business on the deadline date. Late applications are not eligible for funding under this Notice and will not be evaluated. Electronic applications must be received by July 24, 2018, to be eligible for grant funding. Please review the Grants.gov website at [*http://grants.gov/applicants/organization\_registration.jsp*](http://grants.gov/applicants/organization_registration.jsp) For instructions on the process of registering your organization as soon as possible to ensure you are able to meet the electronic application deadline. Late applications are not eligible for funding under this Notice and will not be evaluated. ADDRESSES: You should contact a USDA Rural Development State Office (State Office) if you have questions. You are encouraged to contact your State Office well in advance of the application deadline to discuss your project and ask any questions about the application process. Contact information for State Offices can be found at   [*http://www.rd.usda.gov/contact-us/state-offices*](http://www.rd.usda.gov/contact-us/state-offices). ***Program*** guidance as well as application and matching funds templates may be obtained at   [*http://www.rd.usda.gov/****programs****-services/rural-cooperative-development-grant-****program***](http://www.rd.usda.gov/programs-services/rural-cooperative-development-grant-program). If you want to submit an electronic application, follow the instructions for the RCDG funding announcement located at   [*http://www.grants.gov*](http://www.grants.gov) If you want to submit a paper application, send it to the State Office located in the State where you are headquartered. If you are headquartered in Washington, DC please contact the Grants Division, Cooperative ***Programs***, Rural Business-Cooperative Service, at (202) 690-1374 for guidance on where to submit your application. FOR FURTHER INFORMATION CONTACT: Grants Division, Cooperative ***Programs***, Rural Business-Cooperative Service, United States Department of ***Agriculture***, 1400 Independence Avenue SW, Mail Stop-3253, Room 4208- South, Washington, DC 20250-3253, (202) 690-1374. SUPPLEMENTARY INFORMATION Preface The Agency encourages applications that will support recommendations made in the Rural Prosperity Task Force report to help improve life in rural America.   [*www.usda.gov/ruralprosperity*](http://www.usda.gov/ruralprosperity). Applicants are encouraged to consider projects that provide measurable results in helping rural communities build robust and sustainable economies through ***strategic*** investments in infrastructure, partnerships and innovation. Key strategies include:  Achieving e-Connectivity for rural America  Developing the Rural Economy  Harnessing Technological Innovation  Supporting a Rural Workforce  Improving Quality of Life

Overview

    Federal Agency: Rural Business-Cooperative Service.     Funding Opportunity Title: Rural Cooperative Development Grants.     Announcement Type: Initial Notice.     Catalog of Federal Domestic Assistance Number: 10.771     Date: Application Deadline. Paper applications must be postmarked, mailed, shipped, or sent overnight no later than July 30, 2018, or it will not be considered for funding. You may also hand carry your application to one of our field offices, but it must be received by close of business on the deadline date. Electronic applications must be received by [*http://www.grants.gov*](http://www.grants.gov) no later than midnight Eastern Time July 24, 2018, or it will not be considered for funding.

Paperwork Reduction Act

    In accordance with the Paperwork Reduction Act, the paperwork burden associated with this Notice has been approved by the Office of Management and Budget (OMB) under OMB Control Number 0570-0006.

A. ***Program*** Description

    The RCDG ***program*** is authorized under section 310B(e) of the Consolidated Farm and Rural Development Act (CONACT) (7 U.S.C 1932(e)) as amended by the ***Agricultural*** Act of 2014 (Pub. L. 113-79). You are required to comply with the regulations for this ***program*** published at 7 CFR part 4284, subparts A and F, which are incorporated by reference in this Notice. Therefore, you should become familiar with these regulations. The primary objective of the RCDG ***program*** is to improve the economic condition of rural areas through cooperative development. Grants are awarded on a competitive basis. The maximum award amount per grant is $200,000. Grants are available for non-profit corporations or higher education institutions only. Grant funds may be used to pay for up to 75 percent of the cost of establishing and operating centers for rural cooperative development. Grant funds may be used to pay for 95 percent of the cost of establishing and operating centers for rural cooperative development, when the applicant is a 1994 Institution as defined by 7 U.S.C 301. The 1994 Institutions are commonly known as Tribal Land Grant Institutions. Centers may have the expertise on staff or they can contract out for the expertise, to assist individuals or entities in the startup, expansion or operational improvement of rural businesses, especially cooperative or mutually-owned businesses. Definitions     The terms you need to understand are defined and published at 7 CFR 4284.3 and 7 CFR 4284.504 In addition, the terms ``rural'' and ``rural area,'' defined at section 343(a)(13) of the CONACT (7 U.S.C 1991(a)), are incorporated by reference, and will be used for this ***program*** instead of those terms currently published at 7 CFR 4284.3 The term ``you'' referenced throughout this Notice should be understood to mean ``you'' the applicant. Finally, there has been some confusion on the Agency's meaning of the terms ``conflict of interest'' and ``mutually- owned business,'' because they are not defined in the CONACT or in the regulations used for the ***program***. Therefore, the terms are clarified and should be understood as follows.     Conflict of interest--A situation in which a person or entity has competing personal, professional, or financial interests that make it difficult for the person or business to act impartially. Regarding use of both grant and matching funds, Federal procurement standards prohibit transactions that involve a real or apparent conflict of interest for owners, employees, officers, agents, or their immediate family members having a financial or other interest in the outcome of the project; or that restrict open and free competition for unrestrained trade. Specifically, project funds may not be used for services or goods going to, or coming from, a person or entity with a real or apparent conflict of interest, including, but not limited to, owner(s) and their immediate family members. An example of conflict of interest occurs when the grantee's employees, board of directors, or the immediate family of either, have the appearance of a professional or personal financial interest in the recipients receiving the benefits or services of the grant.     Mutually-owned business--An organization owned and governed by

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members who either are its consumers, ***producers***, employees, or suppliers.

B. Federal Award Information

    Type of Award: Competitive Grant.     Fiscal Year Funds: FY 2018.     Total Funding: $5,800,000     Maximum Award: $200,000.     Anticipated Award Date: September 28, 2018.

C. Eligibility Information

    Applicants must meet all of the following eligibility requirements. Applications which fail to meet any of these requirements by the application deadline will be deemed ineligible and will not be evaluated further. 1. Eligible Applicants     You must be a nonprofit corporation or an institution of higher education to apply for this ***program***. Public bodies and individuals cannot apply for this ***program***. See 7 CFR 4284.507 You must also meet the following requirements:     a. An applicant is ineligible if they have been debarred or suspended or otherwise excluded from or ineligible for participation in Federal assistance ***programs*** under Executive Order 12549, ``Debarment and Suspension.'' The Agency will check the System for Award Management (SAM) to determine if the applicant has been debarred or suspended. In addition, an applicant will be considered ineligible for a grant due to an outstanding judgment obtained by the U.S in a Federal Court (other than U.S Tax Court), is delinquent on the payment of Federal income taxes, or is delinquent on Federal debt. See 7 CFR 4284.6 The applicant must certify as part of the application that they do not have an outstanding judgment against them. The Agency will check the Credit Alert Interactive Voice Response System (CAIVRS) to verify this.     b. Any corporation that has been convicted of a felony criminal violation under any Federal law within the past 24 months or that has any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability, is not eligible for financial assistance provided with funds appropriated by the Consolidated Appropriations Act, 2018 (Pub. L. 115- 141), unless a Federal agency has considered suspension or debarment of the corporation and has made a determination that this further action is not necessary to protect the interests of the Government. Applicants will be required to complete Form AD-3030, ``Representations Regarding Felony Conviction and Tax Delinquent Status for Corporate Applicants,'' if you are a corporation. Institutions of Higher Education are not required to submit this form.     c. Applications will be deemed ineligible if the application includes any funding restrictions identified under Section D.6.a and b. Inclusion of funding restrictions outlined in Section D.6.a and b. preclude the Agency from making a federal award.     d. Applications will be deemed ineligible if the application is not complete in accordance with the requirements stated in Section C.3.e 2. Cost Sharing or Matching     Your matching funds requirement is 25 percent of the total project cost (5 percent for 1994 Institutions). See 7 CFR 4284.508 When you calculate your matching funds requirement, please round up or down to whole dollars as appropriate. An example of how to calculate your matching funds is as follows:     a. Take the amount of grant funds you are requesting and divide it by .75 This will give you your total project cost.     Example: $200,000 (grant amount)/.75 (percentage for use of grant funds) = $266,667 (total project cost).     b. Subtract the amount of grant funds you are requesting from your total project cost. This will give you your matching funds requirement.     Example: $266,667 (total project cost) - $200,000 (grant amount) = $66,667 (matching funds requirement).     c. A quick way to double check that you have the correct amount of matching funds is to take your total project cost and multiply it by .25     Example: $266,667 (total project cost) x .25 (maximum percentage of matching funds requirement) = $66,667 (matching funds requirement).     You must verify that all matching funds are available during the grant period and provide this documentation with your application in accordance with requirements identified in Section D.2.e.8 If you are awarded a grant, additional verification documentation may be required to confirm the availability of matching funds.     Other rules for matching funds that you must follow are listed below.      They must be spent on eligible expenses during the grant period.      They must be from eligible sources.      They must be spent in advance or as a pro-rata portion of grant funds being spent.      They must be provided by either the applicant or a third party in the form of cash or an in-kind contribution.      They cannot include board/advisory council members' time.      They cannot include other Federal grants unless provided by authorizing legislation.      They cannot include cash or in-kind contributions donated outside the grant period.      They cannot include over-valued, in-kind contributions.      They cannot include any project costs that are ineligible under the RCDG ***program***.      They cannot include any project costs that are unallowable under the applicable grant ``Cost Principles,'' including 2 CFR part 200, subpart E, and the Federal Acquisition Regulation (for-profits) or successor regulation.      They can include loan funds from a Federal source.      They can include travel and incidentals for board/advisory council members if you have established written policies explaining how these costs are normally reimbursed, including rates. You must include an explanation of this policy in your application or the contributions will not be considered as eligible matching funds.      You must be able to document and verify the number of hours worked and the value associated with any in-kind contribution being used to meet a matching funds requirement.      In-kind contributions provided by individuals, businesses, or cooperatives which are being assisted by you cannot be provided for the direct benefit of their own projects as USDA Rural Development considers this to be a conflict of interest or the appearance of a conflict of interest. 3. Other Eligibility Requirements a. Purpose Eligibility     Your application must propose the establishment or continuation of a cooperative development center concept. You must use project funds, including grant and matching funds for eligible purposes only (see 7 CFR 4284.508). In addition, project funds may be used for ***programs*** providing for the coordination of services and sharing of information among the centers (see 7 U.S.C 1932(e) (4) (C) (vi)). b. Project Eligibility     All project activities must be for the benefit of a rural area. c. Multiple Application Eligibility     Only one application can be submitted per applicant. If two applications are submitted (regardless of

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the applicant name) that include the same Executive Director and/or advisory boards or committees of an existing center, both applications will be determined not eligible for funding. d. Grant Period     Your application must include a one-year grant period, or it will not be considered for funding. The grant period should begin no earlier than October 1, 2018, and no later than January 1, 2019. Applications that request funds for a time period ending after December 31, 2019, will not be considered for funding. Projects must be completed within a one-year timeframe. Prior approval is needed from the Agency if you are awarded a grant and desire the grant period to begin earlier or later than previously discussed.     The Agency may approve requests to extend the grant period for up to an additional 12 months at its discretion. However, you may not have more than one active RCDG during the same grant period. Further guidance on grant period extensions will be provided in the award document. e. Completeness     Your application will not be considered for funding if it fails to meet an eligibility criterion by time of application deadline and does not provide sufficient information to determine eligibility and scoring. You must include all of the forms and proposal elements as discussed in the regulation and as clarified further in this Notice. Incomplete applications will not be reviewed by the Agency. For more information on what is required for an application, see 7 CFR 4284.510 f. Satisfactory Performance     You must be performing satisfactorily on any outstanding RCDG award to be considered eligible for a new award. Satisfactory performance includes being up-to-date on all financial and performance reports as prescribed in the grant award, and current on tasks and timeframes for utilizing grant and matching funds as approved in the work ***plan*** and budget. If you have any unspent grant funds on RCDG awards prior to fiscal year 2017, your application will not be considered for funding. If your fiscal year 2017 award has unspent funds of 50 percent or more than what your approved work ***plan*** and budget projected, at the time that your fiscal year 2018 application is being evaluated, your application will not be considered for funding. The Agency will verify the performance status of FY 2017 awards and make a determination after the FY 2018 application period closes. g. Duplication of Current Services     Your application must demonstrate that you are providing services to new customers or new services to current customers. If your work ***plan*** and budget is duplicative of your existing award, your application will not be considered for funding. If your workplan and budget is duplicative of a previous or existing RCDG and/or Socially Disadvantaged Groups Grant (SDGG) award, your application will not be considered for funding. The Agency will make this determination. h. Indirect Costs     Your negotiated indirect cost rate approval does not need to be included in your application, but you will be required to provide it if a grant is awarded. Approval for indirect costs that are requested in an application without an approved indirect cost rate agreement is at the discretion of the Agency.

D. Application and Submission Information

1. Address to Request Application Package     For further information, you should contact your State Office at [*http://www.rd.usda.gov/contact-us/state-offices*](http://www.rd.usda.gov/contact-us/state-offices). ***Program*** materials may also be obtained at   [*http://www.rd.usda.gov/****programs****-services/rural-cooperative-development-grant-****program***](http://www.rd.usda.gov/programs-services/rural-cooperative-development-grant-program). You may also obtain a copy by calling 202-690-1374. 2. Content and Form of Application Submission     You may submit your application in paper form or electronically through Grants.gov If you submit in paper form, any forms requiring signatures must include an original signature. a. Electronic Submission     To apply electronically, you must use the Grants.gov website at   [*http://www.Grants.gov*](http://www.grants.gov) You may not apply electronically in any way other than through Grants.gov     You can locate the Grants.gov downloadable application package for this ***program*** by using a keyword, the ***program*** name, or the Catalog of Federal Domestic Assistance Number for this ***program***.     When you enter the Grants.gov website, you will find information about applying electronically through the site, as well as the hours of operation.     To use Grants.gov, you must already have a DUNS number and you must also be registered and maintain registration in SAM. We strongly recommend that you do not wait until the application deadline date to begin the application process through Grants.gov     You must submit all your application documents electronically through Grants.gov Applications must include electronic signatures. Original signatures may be required if funds are awarded.     After electronically applying through Grants.gov, you will receive an automatic acknowledgement from Grants.gov that contains a Grants.gov tracking number. b. Paper Submission     If you want to submit a paper application, send it to the State Office located in the State where your project will primarily take place. You can find State Office Contact information at:   [*http://www.rd.usda.gov/contact-us/state-offices*](http://www.rd.usda.gov/contact-us/state-offices). An optional-use Agency application template is available online at   [*http://www.rd.usda.gov/****programs****-services/rural-cooperative-development-grant-****program***](http://www.rd.usda.gov/programs-services/rural-cooperative-development-grant-program). c. Supplemental Information     Your application must contain all the required forms and proposal elements described in 7 CFR 4284.510 and as otherwise clarified in this Notice. Specifically, your application must include: (1) The required forms as described in 7 CFR 4284.510(b) and (2) the required proposal elements as described in 7 CFR 4284.510(c). If your application is incomplete, it is ineligible to compete for funds. Applications lacking sufficient information to determine eligibility and scoring will be considered ineligible. Information submitted after the application deadline will not be accepted. You are encouraged, but not required to utilize the application template found at   [*http://www.rd.usda.gov/****programs****-services/rural-cooperative-development-grant-****program***](http://www.rd.usda.gov/programs-services/rural-cooperative-development-grant-program). d. Clarifications on Forms      Standard Form (SF) 424--Your DUNS number should be identified in the ``Organizational DUNS'' field on SF 424, ``Application for Federal Assistance.'' In addition, you should provide the DUNS number and the Commercial and Government Entity (CAGE) code and expiration date under the applicant eligibility discussion in your proposal narrative. If you do not include the CAGE code and expiration date and the DUNS number in your application, it will not be considered for funding.      Form AD-3030, ``Representations Regarding Felony Conviction and Tax Delinquent Status for Corporate

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Applicants,'' if you are a corporation. A corporation is any entity that has filed articles of incorporation in one of the 50 States, the District of Columbia, the Federated States of Micronesia, the Republic of Palau, and the Republic of the Marshall Islands, or the various territories of the United States including American Samoa, Guam, Midway Islands, the Commonwealth of the Northern Mariana Islands, Puerto Rico, or the U.S Virgin Islands. Corporations include both for profit and non-profit entities. Institutions of Higher Education are not required to submit this form.      You can voluntarily fill out and submit the ``Survey on Ensuring Equal Opportunity for Applicants,'' as part of your application if you are a nonprofit organization. e. Clarifications on Proposal Elements     1. You must include the title of the project as well as any other relevant identifying information on the Title Page.     2. You must include a Table of Contents with page numbers for each component of the application to facilitate review.     3. Your Executive Summary must include the items in 7 CFR 4284.510(c) (3), and discuss the percentage of work that will be performed among organizational staff, consultants, or other contractors. It should not exceed two pages.     4. Your Eligibility Discussion must not exceed two pages and cover how you meet the eligibility requirements for applicant, matching funds, and other eligibility requirements.     5. Your Proposal Narrative must not exceed 40 pages and should describe the essential aspects of the project.     i. You are only required to have one title page for the proposal.     ii. If you list the evaluation criteria on the Table of Contents and specifically and individually address each criterion in narrative form, then it is not necessary for you to include an Information Sheet. Otherwise, the Information Sheet is required under 7 CFR 4284.510(c)(ii).     iii. You must include the following under Goals of the Project:     A. A statement that substantiates that the Center will effectively serve rural areas in the United States;     B. A statement that the primary objective of the Center will be to improve the economic condition of rural areas through cooperative development;     C. A description of the contributions that the proposed activities are likely to make to the improvement of the economic conditions of the rural areas for which the Center will provide services. Expected economic impacts should be tied to tasks included in the work ***plan*** and budget; and     D. A statement that the Center, in carrying out its activities, will seek, where appropriate, the advice, participation, expertise, and assistance of representatives of business, industry, educational institutions, the Federal government, and State and local governments.     iv. The Agency has established annual performance evaluation measures to evaluate the RCDG ***program***. You must provide estimates on the following performance evaluation measures.      Number of groups who are not legal entities assisted.      Number of businesses that are not cooperatives assisted.      Number of cooperatives assisted.      Number of businesses incorporated that are not cooperatives.      Number of cooperatives incorporated.      Total number of jobs created as a result of assistance.      Total number of jobs saved as a result of assistance.      Number of jobs created for the Center as a result of RCDG funding.      Number of jobs saved for the Center as a result of RCDG funding.     It is permissible to have a zero in a performance element. When you calculate jobs created, estimates should be based upon actual jobs to be created by your organization because of the RCDG funding or actual jobs to be created by cooperative businesses or other businesses as a result of assistance from your organization. When you calculate jobs saved, estimates should be based only on actual jobs that would have been lost if your organization did not receive RCDG funding or actual jobs that would have been lost without assistance from your organization.     v. You can also suggest additional performance elements for example where job creation or jobs saved may not be a relevant indicator (e.g housing). These additional criteria should be specific, measurable performance elements that could be included in an award document.     vi. You must describe in the application how you will undertake to do each of the following. We would prefer if you described these undertakings within proposal evaluation criteria to reduce duplication in your application. The specific proposal evaluation criterion where you should address each undertaking is noted below.     A. Take all practicable steps to develop continuing sources of financial support for the Center, particularly from sources in the private sector (should be presented under proposal evaluation criterion j., utilizing the specific requirements of Section E.1.j );     B. Make arrangements for the Center's activities to be monitored and evaluated (should be addressed under proposal evaluation criterion number h. utilizing the specific requirements of Section E.1.h ); and     C. Provide an accounting for the money received by the grantee in accordance with 7 CFR part 4284, subpart F. This should be addressed under proposal evaluation criterion number a., utilizing the specific requirements of Section E.1.a     vii. You should present the Work ***Plan*** and Budget proposal element under proposal evaluation criterion number h., utilizing the specific requirements of Section E.1.h of this Notice to reduce duplication in your application.     viii. You should present the Delivery of Cooperative development assistance proposal element under proposal evaluation criterion number b., utilizing the specific requirements of Section E.1.b of this Notice.     ix. You should present the Qualifications of Personnel proposal element under proposal evaluation criterion number i., utilizing the specific requirements of Section E.1.i of this Notice.     x. You should present the Local Support and Future Support proposal elements under proposal evaluation criterion number j., utilizing the requirements of Section E.1.j of this Notice.     xi. Your application will not be considered for funding if you do not address all the proposal evaluation criteria. See Section E.1 of this Notice for a description of the proposal evaluation criteria.     xii. Only appendices A-C will be considered when evaluating your application. You must not include resumes of staff or consultants in the application.     6. You must certify that there are no current outstanding Federal judgments against your property and that you will not use grant funds to pay for any judgment obtained by the United States. To satisfy the Certification requirement, you should include this statement in your application: ``[INSERT NAME OF APPLICANT] certifies that the United States has not obtained an unsatisfied judgment against its property, is not delinquent on the payment of Federal income taxes, or any Federal debt, and will not use grant funds to pay any judgments obtained by the United

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States.'' A separate signature is not required.     7. You must certify that matching funds will be available at the same time grant funds are anticipated to be spent and that expenditures of matching funds are pro-rated or spent in advance of grant funding, such that for every dollar of the total project cost, not less than the required amount of matching funds will be expended. Please note that this Certification is a separate requirement from the Verification of Matching Funds requirement. To satisfy the Certification requirement, you should include this statement in your application: ``[INSERT NAME OF APPLICANT] certifies that matching funds will be available at the same time grant funds are anticipated to be spent and that expenditures of matching funds shall be pro-rated or spent in advance of grant funding, such that for every dollar of the total project cost, at least 25 cents (5 cents for 1994 Institutions) of matching funds will be expended.'' A separate signature is not required.     8. You must provide documentation in your application to verify all of your proposed matching funds. The documentation must be included in Appendix A of your application and will not count towards the 40-page limitation. Template letters are available for each type of matching funds contribution at [*http://www.rd.usda.gov/****programs****-services/rural-cooperative-development-grant-****program***](http://www.rd.usda.gov/programs-services/rural-cooperative-development-grant-program).     a. If matching funds are to be provided in cash, you must meet the following requirements.      You: The application must include a statement verifying (1) the amount of the cash and (2) the source of the cash. You may also provide a bank statement dated 30 days or less from the application deadline date to verify your cash match.      Third-party: The application must include a signed letter from the third party verifying (1) how much cash will be donated and (2) that it will be available corresponding to the proposed grant period or donated on a specific date within the grant period.     b. If matching funds are to be provided by an in-kind donation, you must meet the following requirements.      You: The application must include a signed letter from you or your authorized representative verifying (1) the nature of the goods and/or services to be donated and how they will be used, (2) when the goods and/or services will be donated (i.e , corresponding to the proposed grant period or to specific dates within the grant period), and (3) the value of the goods and/or services. Please note that most applicant contributions for the RCDG ***program*** are considered applicant cash match in accordance with this Notice. If you are unsure, please contact your State Office because identifying your matching funds improperly can affect your scoring.      Third-Party: The application must include a signed letter from the third party verifying (1) the nature of the goods and/or services to be donated and how they will be used, (2) when the goods and/or services will be donated (i.e , corresponding to the proposed grant period or to specific dates within the grant period), and (3) the value of the goods and/or services.     To ensure that you are identifying and verifying your matching funds appropriately, please note the following:      If you are paying for goods and/or services as part of the matching funds requirement, the expenditure is considered a cash match, and you must verify it as such. Universities must verify the goods and services they are providing to the project as a cash match and the verification must be approved by the appropriate approval official (i.e , sponsored ***programs*** office or equivalent).      If you have already received cash from a third-party (i.e , Foundation) before the start of your proposed grant period, you must verify this as your own cash match and not as a third-party cash match. If you are receiving cash from a third-party during the grant period, then you must be verifying the cash as a third-party cash match.      Board resolutions for a cash match must be approved at the time of application.      You can only consider goods or services for which no expenditure is made as an in-kind contribution.      If a non-profit or another organization contributes the services of affiliated volunteers, they must follow the third-party, in-kind donation verification requirement for each individual volunteer.      Expected ***program*** income may not be used to fulfill your matching funds requirement at the time you submit your application. However, if you have a contract to provide services in place at the time you submit your application, you can verify the amount of the contract as a cash match.      The valuation processes you use for in-kind contributions does not need to be included in your application, but you must be able to demonstrate how the valuation was derived if you are awarded a grant. The grant award may be withdrawn, or the amount of the grant reduced if you cannot demonstrate how the valuation was derived.     Successful applicants must comply with requirements identified in Section F, Federal Award Administration. 3. Dun and Bradstreet Data Universal Numbering System (DUNS) and System for Awards Management (SAM)     To be eligible (unless you are excepted under 2 CFR 25.110(b), (c) or (d), you are required to:     (a) Provide a valid DUNS number in your application, which can be obtained at no cost via a toll-free request line at (866) 705-5711;     (b) Register in SAM before submitting your application. You may register in SAM at no cost at   [*https://www.sam.gov/portal/public/SAM/*](https://www.sam.gov/portal/public/SAM/). You must provide your SAM CAGE Code and expiration date or evidence that you have begun the SAM registration process at time of application, and     (c) Continue to maintain an active SAM registration with current information at all times during which you have an active Federal award or an application or ***plan*** under consideration by a Federal awarding agency.     If you have not fully complied with all applicable DUNS and SAM requirements, the Agency may determine that the applicant is not qualified to receive a Federal award and the Agency may use that determination as a basis for making an award to another applicant. Please refer to Section F.2 for additional submission requirements that apply to grantees selected for this ***program***. 4. Submission Dates and Times     Application Deadline Date: July 30, 2018.     Explanation of Deadlines: Complete applications must be submitted on paper or electronically according to the following deadlines:     Paper applications must be postmarked and mailed, shipped, or sent overnight no later than July 30, 2018, to be eligible for grant funding. The Agency will determine whether your application is late based on the date shown on the postmark or shipping invoice. You may also hand carry your application to one of our field offices, but it must be received by close of business on the deadline date. If the due date falls on a Saturday, Sunday, or Federal holiday, the reporting package is due the next business day. Late applications will automatically be deemed ineligible.     Electronic applications must be received by   [*http://www.grants.gov*](http://www.grants.gov) no later than midnight Eastern Time July 24, 2018, to be eligible for grant funding. Please review the Grants.gov website at http:// grants.gov/applicants/

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organization\_registration.jsp for instructions on the process of registering your organization as soon as possible to ensure you can meet the electronic application deadline. Grants.gov will not accept applications submitted after the deadline. 5. Intergovernmental Review of Applications     Executive Order (E.O ) 12372, ``Intergovernmental Review of Federal ***Programs***,'' applies to this ***program***. This E.O requires that Federal agencies provide opportunities for consultation on proposed assistance with State and local governments. Many States have established a Single Point of Contact (SPOC) to facilitate this consultation. For a list of States that maintain a SPOC, please see the White House website: [*https://www.whitehouse.gov/wp-content/uploads/2017/11/SPOC-Feb.-2018.pdf*](https://www.whitehouse.gov/wp-content/uploads/2017/11/SPOC-Feb.-2018.pdf) If your State has an SPOC, you may submit a copy of the application directly for review. Any comments obtained through the SPOC must be provided to your State Office for consideration as part of your application. If your State has not established an SPOC, or if you do not want to submit a copy of the application, our State Offices will submit your application to the SPOC or other appropriate agency or agencies. 6. Funding Restrictions     a. Project funds, including grant and matching funds, cannot be used for ineligible grant purposes (see 7 CFR 4284.10). Also, you shall not use project funds for the following:      To purchase, rent, or install laboratory equipment or processing machinery;      To pay for the operating costs of any entity receiving assistance from the Center;      To pay costs of the project where a conflict of interest exists;      To fund any activities prohibited by 2 CFR part 200; or      To fund any activities considered unallowable by 2 CFR part 200, subpart E, ``Cost Principles,'' and the Federal Acquisition Regulation (for-profits) or successor regulations.     b. In addition, your application will not be considered for funding if it does any of the following:      Focuses assistance on only one cooperative or mutually- owned business;      Requests more than the maximum grant amount; or      Proposes ineligible costs that equal more than 10 percent of total project costs. The ineligible costs will NOT be removed at this stage to proceed with application processing. For purposes of this determination, the grant amount requested plus the matching funds amount constitutes the total project costs.     We will consider your application for funding if it includes ineligible costs of 10 percent or less of total project costs, if the remaining costs are determined eligible otherwise. However, if your application is successful, those ineligible costs must be removed and replaced with eligible costs before the Agency will make the grant award, or the amount of the grant award will be reduced accordingly. If we cannot determine the percentage of ineligible costs, your application will not be considered for funding. 7. Other Submission Requirements     a. You should not submit your application in more than one format. You must choose whether to submit your application in paper or electronically. Applications submitted on paper must be mailed or hand- delivered to the State Office located in the State where you are headquartered. You can find State Office contact information at:   [*http://www.rd.usda.gov/contact-us/state-offices*](http://www.rd.usda.gov/contact-us/state-offices). To submit an application electronically, you must follow the instruction for this funding announcement at   [*http://www.grants.gov*](http://www.grants.gov) A password is not required to access the website.     b. National Environmental Policy Act.     All recipients under this Notice are subject to the requirements of 7 CFR part 1970. However, technical assistance awards under this Notice are classified as a Categorical Exclusion according to 7 CFR 1970.53(b), and usually do not require any additional documentation.     The Agency will review each grant application to determine its compliance with 7 CFR part 1970. The applicant may be asked to provide additional information or documentation to assist the Agency with this determination.     c. Civil Rights Compliance Requirements.     All grants made under this Notice are subject to Title VI of the Civil Rights Act of 1964 as required by the USDA (7 CFR part 15, subpart A) and Section 504 of the Rehabilitation Act of 1973.

E. Application Review Information

    The State Offices will review applications to determine if they are eligible for assistance based on requirements in 7 CFR part 4284, subparts A and F, this Notice, and other applicable Federal regulations. If determined eligible, your application will be scored by a panel of USDA employees in accordance with the point allocation specified in this Notice. Applications will be funded in rank order until the funding limitation has been reached. Applications that cannot be fully funded may be offered partial funding at the Agency's discretion. 1. Scoring Criteria     Scoring criteria will follow criteria published at 7 CFR 4284.513 as supplemented below including any amendments made by the Section 6013 of the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-234), which is incorporated by reference in this Notice. The regulatory and statutory criteria are clarified and supplemented below. You should also include information as described in Section D.2.e.5.vi if you choose to address these items under the scoring criteria. Evaluators will base scores only on the information provided or cross-referenced by page number in each individual evaluation criterion. The maximum amount of points available is 110. Newly established or proposed Centers that do not yet have a track record on which to evaluate the following criteria should refer to the expertise and track records of staff or consultants expected to perform tasks related to the respective criteria. Proposed or newly established Centers must be organized well-enough at time of application to address its capabilities for meeting these criteria.     a. Administrative capabilities (maximum score of 10 points). A panel of USDA employees will evaluate your demonstrated track record in carrying out activities in support of development assistance to cooperatively and mutually owned businesses. At a minimum, you must discuss the following administrative capabilities:     1. Financial systems and audit controls;     2. Personnel and ***program*** administration performance measures;     3. Clear written rules of governance; and     4. Experience administering Federal grant funding no later than the last 5 years, including but not limited to past RCDGs. Please list the name of the Federal grant ***program***(s), the amount(s), and the date(s) of funding received.     You will score higher on this criterion if you can demonstrate that the Center has independent governance. For applicants that are universities or parent organizations, you should demonstrate that there is a separate board of directors for the Center.     b. Technical assistance and other services (maximum score of 10 points). A panel of USDA employees will evaluate your demonstrated expertise no later than the last 5 years in providing

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technical assistance and accomplishing effective outcomes in rural areas to promote and assist the development of cooperatively and mutually owned businesses. You must discuss at least:     1. Your potential for delivering effective technical assistance;     2. The types of assistance provided;     3. The expected effects of that assistance;     4. The sustainability of organizations receiving the assistance; and     5. The transferability of your cooperative development strategies and focus to other areas of the U.S     A chart or table showing the outcomes of your demonstrated expertise based upon the performance elements listed in Section D.2.e.5.iv or as identified in your award document on previous RCDG awards. At a minimum, please provide information for FY 2014-FY 2016 awards. We prefer that you provide one chart or table separating out award years. The intention here is for you to provide actual performance numbers based upon award years (fiscal year) even though your grant period for the award was for the next calendar or fiscal year. Please provide a narrative explanation if you have not received a RCDG award.     You will score higher on this criterion if you provide more than 3 years of outcomes and can demonstrate that the organizations you assisted within the last 5 years are sustainable. Additional outcome information should be provided on RCDG grants awarded before FY 2014. Please describe specific project(s) when addressing 1-5 of this paragraph. To reduce duplication, descriptions of specific projects and their impacts, outcomes and roles can be discussed once under criterion b or c. However, you must cross-reference the information under the other criterion.     c. Economic development (maximum score of 10 points). A panel of USDA employees will evaluate your demonstrated ability to facilitate:     1. Establishment of cooperatives or mutually owned businesses;     2. New cooperative approaches (i.e , organizing cooperatives among underserved individuals or communities; an innovative market approach; a type of cooperative currently not in your service area; a new cooperative structure; novel ways to raise member equity or community capitalization; conversion of an existing business to cooperative ownership); and     3. Retention of businesses, generation of employment opportunities or other factors, as applicable, that will otherwise improve the economic conditions of rural areas.     You will score higher on this criterion if you provide economic measurements showing the impacts of your past development projects no later than 5 years old and identify your role in the economic development outcomes.     d. Past performance in establishing legal business entities (maximum score of 10 points). A panel of USDA employees will evaluate your demonstrated past performance in establishing legal cooperative business entities and other legal business entities during January 1, 2015-December 31, 2017. Provide the name of the organization(s) established, the date of formation and your role in assisting with the incorporation(s) under this criterion. In addition, documentation verifying the establishment of legal business entities must be included in Appendix C of your application and will not count against the 40- page limit for the narrative. The documentation must include proof that organizational documents were filed with the Secretary of State's Office (i.e , Certificate of Incorporation or information from the State's official website naming the entity established and the date of establishment); or if the business entity is not required to register with the Secretary of State, a certification from the business entity that a legal business entity has been established and when. Please note that you are not required to submit articles of incorporation to receive points under this criterion. You will score higher on this criterion if you have established legal cooperative businesses. If your State does not incorporate cooperative business entities, please describe how the established business entity operates like a cooperative.     e. Networking and regional focus (maximum score of 10 points). A panel of USDA employees will evaluate your demonstrated commitment to:     1. Networking with other cooperative development centers, and other organizations involved in rural economic development efforts, and     2. Developing multi-organization and multi-State approaches to addressing the economic development and cooperative needs of rural areas.     You will score higher on this criterion if you can demonstrate the outcomes of your multi-organizational and multi-State approaches. Please describe the project(s), partners and the outcome(s) that resulted from the approach.     f. Commitment (maximum score of 10 points). A panel of USDA employees will evaluate your commitment to providing technical assistance and other services to under-served and economically distressed areas in rural areas of the United States. You will score higher on this criterion if you define and describe the underserved and economically distressed areas within your service area, provide economic statistics, and identify past or current projects within or affecting these areas, as appropriate.     g. Matching Funds (maximum score of 10 points). A panel of USDA employees will evaluate your commitment for the 25 percent (5 percent for 1994 Institutions) matching funds requirement. A chart or table should be provided to describe all matching funds being committed to the project. However, formal documentation to verify all the matching funds must be included in Appendix A of your application. You will be scored on how you identify your matching funds.     1. If you met the 25 percent (5 percent for 1994 Institutions) matching requirement, points will be assigned as follows:      In-kind only--1 point,      Mix of in-kind and cash--3-4 points (maximum points will be awarded if the ratio of cash to in-kind is 30 percent and above of matching funds), or      Cash only--5 points.     2. If you exceeded the 25 percent (5 percent for 1994 Institutions) matching requirement, points will be assigned as follows:      In-kind only--2 points,      Mix of in-kind and cash--6-7 points (maximum points will be awarded if the ratio of cash to in-kind is 30 percent and above of matching funds), or      Cash only--10 points.     h. Work ***Plan***/Budget (maximum score of 10 points). A panel of USDA employees will evaluate your work ***plan*** for detailed actions and an accompanying timetable for implementing the proposal. The budget must present a breakdown of the estimated costs associated with cooperative and business development activities as well as the operation of the Center and allocate these costs to each of the tasks to be undertaken. Matching funds as well as grant funds must be accounted for in the budget.     You must discuss at a minimum:     1. Specific tasks (whether it be by type of service or specific project) to be completed using grant and matching funds;     2. How customers will be identified;     3. Key personnel; and     4. The evaluation methods to be used to determine the success of specific tasks and overall objectives of Center operations. Please provide qualitative methods of evaluation. For example,

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evaluation methods should go beyond quantitative measurements of completing surveys or number of evaluations.     You will score higher on this criterion if you present a clear, logical, realistic, and efficient work ***plan*** and budget.     i. Qualifications of those Performing the Tasks (maximum score of 10 points). A panel of USDA employees will evaluate your application to determine if the personnel expected to perform key tasks have a track record of:     1. Positive solutions for complex cooperative development and/or marketing problems; or     2. A successful record of conducting accurate feasibility studies, business ***plans***, marketing analysis, or other activities relevant to your success as determined by the tasks identified in the work ***plan***; and     3. Whether the personnel expected to perform the tasks are full/ part-time employees of your organization or are contract personnel.     You will score higher on this criterion if you demonstrate commitment and availability of qualified personnel expected to perform the tasks.     j. Local and Future Support (maximum score of 10 points). A panel of USDA employees will evaluate your application for local and future support. Support should be discussed directly within the response to this criterion.     1. Discussion on local support should include previous and/or expected local support and ***plans*** for coordinating with other developmental organizations in the proposed service area or with state and local government institutions. You will score higher if you demonstrate strong support from potential beneficiaries and formal evidence of intent to coordinate with other developmental organizations. You may also submit a maximum of 10 letters of support or intent to coordinate with the application to verify your discussion. These letters should be included in Appendix B of your application and will not count against the 40-page limit for the narrative.     2. Discussion on future support will include your vision for funding operations in future years. You should document:     (i) New and existing funding sources that support your goals;     (ii) Alternative funding sources that reduce reliance on Federal, State, and local grants; and     (iii) The use of in-house personnel for providing services versus contracting out for that expertise. Please discuss your strategy for building in-house technical assistance capacity.     You will score higher if you can demonstrate that your future support will result in long-term sustainability of the Center.     k. Administrator Discretionary Points (maximum of 10 points). The Administrator may choose to award up to 10 points to an eligible non- profit corporation or institution of higher education who has never previously been awarded an RCDG grant; and whose workplan and budget seeks to help rural communities build robust and sustainable economies through ***strategic*** investments in infrastructure, partnerships and innovation. Eligible applicants who want to be considered for discretionary points must discuss how their workplan and budget supports one or more of the five following key strategies:     Achieving e-Connectivity for Rural America;     Improving Quality of Life;     Supporting a Rural Workforce;     Harnessing Technological Innovation; and     Economic Development. 2. Review and Selection Process     The State Offices will review applications to determine if they are eligible for assistance based on requirements in 7 CFR part 4284, subparts A and F, this Notice, and other applicable Federal regulations. If determined eligible, your application will be scored by a panel of USDA employees in accordance with the point allocation specified in this Notice. The Administrator may choose to award up to 10 Administrator priority points based on criterion (k) in section E.1 of this Notice. These points will be added to the cumulative score for a total possible score of 110. Applications will be funded in highest ranking order until the funding limitation has been reached. Applications that cannot be fully funded may be offered partial funding at the Agency's discretion. If your application is evaluated, but not funded, it will not be carried forward into the next competition.

F. Federal Award Administration Information

1. Federal Award Notices     If you are selected for funding, you will receive a signed notice of Federal award by postal mail from the State Office where your application was submitted, containing instructions on requirements necessary to proceed with execution and performance of the award.     If you are not selected for funding, you will be notified in writing via postal mail and informed of any review and appeal rights. You must comply with all applicable statutes, regulations, and notice requirements before the grant award will be approved. There will be no available funds for successful appellants once all FY 2018 funds are awarded and obligated. See 7 CFR part 11 for USDA National Appeals Division procedures. 2. Administrative and National Policy Requirements     Additional requirements that apply to grantees selected for this ***program*** can be found in 7 CFR part 4284, subpart F; the Grants and Agreements regulations of the Department of ***Agriculture*** codified in 2 CFR parts 180, 400, 415, 417, 418, 421; 2 CFR parts 25 and 170; and 48 CFR 31.2, and successor regulations to these parts.     In addition, all recipients of Federal financial assistance are required to report information about first-tier subawards and executive compensation (see 2 CFR part 170). You will be required to have the necessary processes and systems in place to comply with the Federal Funding Accountability and Transparency Act of 2006 (Pub. L. 109-282) reporting requirements (see 2 CFR 170.200(b), unless you are exempt under 2 CFR 170.110(b)).     The following additional requirements apply to grantees selected for this ***program***:      Agency-approved Grant Agreement.      Letter of Conditions.      Form RD 1940-1, ``Request for Obligation of Funds.''      Form RD 1942-46, ``Letter of Intent to Meet Conditions.''      Form AD-1047, ``Certification Regarding Debarment, Suspension, and Other Responsibility Matters-Primary Covered Transactions.''      Form AD-1048, ``Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transactions.''      Form AD-1049, ``Certification Regarding Drug-Free Workplace Requirements (Grants).''      Form RD 400-4, ``Assurance Agreement.''      SF LLL, ``Disclosure of Lobbying Activities,'' if applicable.      Form AD-3031, ``Assurance Regarding Felony Conviction or Tax Delinquent Status for Corporate Applicants.'' Must be signed by corporate applicants who receive an award under this Notice. Institutions of Higher Education do not need to submit this form.

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3. Reporting     After grant approval and through grant completion, you will be required to provide the following:     a. An SF-425, ``Federal Financial Report,'' and a project performance report will be required on a semiannual basis (due 30 working days after end of the semiannual period). The project performance reports shall include the following: A comparison of actual accomplishments to the objectives established for that period;     b. Reasons why established objectives were not met, if applicable;     c. Reasons for any problems, delays, or adverse conditions, if any, which have affected or will affect attainment of overall project objectives, prevent meeting time schedules or objectives, or preclude the attainment of particular objectives during established time periods. This disclosure shall be accompanied by a statement of the action taken or ***planned*** to resolve the situation; and     d. Objectives and timetable established for the next reporting period.     e. Provide a final project and financial status report within 60 days after the expiration or termination of the grant.     f. Provide outcome project performance reports and final deliverables.

G. Agency Contacts

    If you have questions about this Notice, please contact the appropriate State Office at [*http://www.rd.usda.gov/contact-us/state-offices*](http://www.rd.usda.gov/contact-us/state-offices). ***Program*** guidance as well as application and matching funds templates may be obtained at   [*http://www.rd.usda.gov/****programs****-services/rural-cooperative-development-grant-****program***](http://www.rd.usda.gov/programs-services/rural-cooperative-development-grant-program). If you want to submit an electronic application, follow the instructions for the RCDG funding announcement located at   [*http://www.grants.gov*](http://www.grants.gov) You may also contact National Office staff: Natalie Melton, RCDG ***Program*** Lead, [*natalie.melton@wdc.usda.gov*](mailto:natalie.melton@wdc.usda.gov), or call the main line at 202-690-1374.

H. Nondiscrimination Statement

    In accordance with Federal civil rights law and U.S Department of ***Agriculture*** (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA ***programs*** are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance ***program***, political beliefs, or reprisal or retaliation for prior civil rights activity, in any ***program*** or activity conducted or funded by USDA (not all bases apply to all ***programs***). Remedies and complaint filing deadlines vary by ***program*** or incident.     Persons with disabilities who require alternative means of communication for ***program*** information (e.g , Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, ***program*** information may be made available in languages other than English.     To file a ***program*** discrimination complaint, complete the USDA ***Program*** Discrimination Complaint Form, AD-3027, found online at [*http://www.ascr.usda.gov/complaint\_filing\_cust.html*](http://www.ascr.usda.gov/complaint_filing_cust.html) and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:     (1) Mail: U.S Department of ***Agriculture***, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue SW, Washington, DC 20250-9410;     (2) Fax: (202) 690-7442; or     (3) Email: [***program****.intake@usda.gov*](mailto:program.intake@usda.gov)

    Dated: May 22, 2018. Bette B. Brand, Administrator, Rural Business-Cooperative Service. [FR Doc. 2018-11482 Filed 5-29-18; 8:45 am]  BILLING CODE 3410-XY-P

**Load-Date:** May 31, 2018

**End of Document**



[***Roxgold releases 2017 Q4 and full year results***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S12-WK21-JC0X-H44S-00000-00&context=1516831)

MarketLine NewsWire (Formerly Datamonitor)

March 28, 2018 Wednesday 12:00 AM GMT

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**Section:** METALS AND MINING

**Length:** 3832 words

**Highlight:** Roxgold has reported its fourth quarter and full year financial results for the period ended December 31, 2017.

**Body**

HIGHLIGHTS:For the twelve-month period ended December 31, 2017, the Company:Achieved over 4,000,000 hours free of lost time injuries ("LTI") since the mine commenced operations;***Produced*** 126,990 ounces of gold, exceeding the upper limit of the increased guidance range 115,000 to 125,000 ounces, compared to 75,078 ounces for the seven-month period in 2016;Sold 126,555 ounces of gold totalling revenues of $159.4 million in fiscal year 2017 compared to $41.4 million during the three-month period of commercial production in 2016 ($98.0 million during the seven-month period of 2016);Incurred a cash operating cost1 of $438 per ounce ***produced*** for a total cash costof $491 per ounce sold and an all-in sustaining cost1 of $740 per ounce sold, including additional investment to advance underground development ahead of the initial mine ***plan*** compared to $705 for the seven months ended December 31, 2016;Generated cash flow from mining operationstotalling $83.9 million for cash flow from mining operations per share1 of $0.23 (C$0.28/share);Became net cash positivewith a cash balance of $63 million and a long-term debt face value3 balance of $47 million;Connected to the Burkina Faso high voltage grid which provides 95% of the power utilized at the Yaramoko mine site;Funded thirty projects originating from the local communities;Successfully passed Lenders&#39; Completion test and amended its $75M Initial Facility to a $60M Amended Facility;Graduated to the Toronto Stock Exchange on March 30, 2017;Completed a positive Feasibility Study for the Bagassi South Project that showed an after-tax IRR of 53.2% with 1.8 year payback on initial capital; andCommenced construction work at site to facilitate the Bagassi South expansion project;For the three-month period ended December 31, 2017, the Company:Achieved record tonnes mined of 108,094 tonnes leading to a record quarterly mill throughput of 70,815 tonnes;***Produced*** 35,016 ounces of gold and sold 34,876 ounces for gold sales totalling $45.5 million;Incurred a cash operating costof $417 per ounce ***produced*** for a total cash cost1 of $488 per ounce sold and an all-in sustaining costof $609 per ounce sold;Generated cash flow from mining operationstotalling $22,035,000 for cash flow from mining operations per shareof $0.06 (C$0.07/share); andReceived permitting approval in January 2018 to develop the Bagassi South Project."In 2017,the Yaramoko gold mine outperformed on several fronts providing strong cash flow as a result of robust operating performance where production exceeded our increased guidance and costs came in below and at the low end of guidance.Our continued operational success has allowed us to build a strong balance sheet providing the flexibility to achieve our accretive growth objectives, while continuing to build net cash," stated John Dorward, President and Chief Executive Officer."In looking ahead, 2018 is expected to be another exciting year for Roxgold as we shift our focus to expanding our proven operations at the 55 Zone by completing construction of our second high-grade mine, Bagassi South, while executing on our extensive regional exploration ***program***."2017 GOALS AND ACHIEVEMENTS:In 2017, the Company&#39;s main operational focus was to achieve annual gold production at its Yaramoko gold mine between the range of 115,000 and 125,000 ounces (increased from 105,000 to 115,000 ounces in Q3 2017) while being a low-cost ***producer*** maintaining a cash operating costat $445-$490 and an all-in sustaining cost1 at $740-$790.The Company also wanted to pursue its organic growth, with the completion of a Feasibility study for its Bagassi South Project.During the full calendar year for 2017 there were no lost time injuries ("LTI").There were 2.1 million LTI free hours worked during 2017, with a total of 4 million LTI free hours worked since the start of the operations to December 31, 2017.Roxgold exceeded the upper limit of the increased guidance range with gold production of 126,990 ounces in 2017. Cash operating costof $438 was below guidance and all-in sustaining costof $740 was at the low end of guidance.The Company continued its organic growth with the completion of a positive feasibility study for the Bagassi South Project located less than two kilometers from the Company&#39;s Yaramoko processing facility.

The Feasibility Study envisions a satellite underground operation at Bagassi South and an expanded processing facility at Yaramoko. The Bagassi South project has an after-tax IRR of 53.2% with a 1.8-year payback on initial capital, average total cash cost of $426 per ounce (including royalties) and an average all-in sustaining cost of $630 per ounce.The pre-production capital is estimated at $30 million and is anticipated to be funded entirely from the Company&#39;s balance sheet without recourse to external financing.2018 OUTLOOK:Gold production between 110,000 and 120,000 ounces;Cash operating costbetween $450 and $500/ounce;All-in sustaining costsbetween $780 and $830/ounce;Underground capital expenditure between $22 million and $26 millionBagassi South pre-production capital expenditure of $30 millionExploration budget of $9 millionDue to sequencing of activities within the underground mine, gold production is expected to be slightly higher in the second and third quarters relative to the respective comparative period of prior year. In 2018, the Company also expects to see a greater proportion of the mill feed met by stoping activities as opposed to ore development. Grades from the mine are expected to be in line with those seen in 2017 with an average of 13.7 grams per tonne of gold ("g/t Au") expected across the year.In the third and fourth quarters of 2018, the processing plant tie-ins for the Bagassi South expansion are expected to occur, slightly affecting mill operating time in those periods; however, it is ***planned*** that these exercises will largely occur within ***planned*** maintenance stoppages.With current cash on hand totalling approximately $63 million as of December 31, 2017, combined with the terms of the Amended Facility, the Company has the flexibility to pursue its organic and ***strategic*** growth objectives.MINE OPERATING ACTIVITIES:The Company declared commercial production on October 1, 2016. As a result, there is no comparable twelve-month period of mining operations nor mining operating profit for 2016.The Company considers that pre-commercial production operations at the Yaramoko Gold Project commenced in June 2016 as the construction of the processing plant was completed. As such, the seven-month period ended December 31, 2016 includes three months of commercial production and four months of pre-commercial production. The Company believes that these seven months are the best comparison for the twelve months of operation ended December 31, 2017.Health and safety performance:Health and Safety is a fundamental value for Roxgold and is a constant priority at the Yaramoko gold mine. The Company believes that every individual working for the Company or visiting Roxgold&#39;s premises should be able to return safely and without injury to their home after a day spent at our operations. The team at the Yaramoko gold mine exhibit their commitment to safety daily through their activities with toolbox meetings, departmental reviews and frequent task safety analyses.With the project being put into production in 2016, the Company&#39;s Operational Health and Safety Management systems have been effectively implemented and are now operating smoothly with a continuous improvement and review ***program*** in place. As the Company considers that that everyone, regardless of position, has the ability to involve, influence, motivate and enable others to contribute to Roxgold Health and Safety culture by encouraging personal and collective leadership, accountability and responsibility, each employee has a personal performance objective related to safety embedded within their annual appraisal process. An award and recognition ***program*** has also been implemented at site.With steady state operations being established in 2017, the focus has evolved from establishing a strong reporting culture that encourages proactive identification of risk and therefore swift rectification of hazards and sub-par operating practices in 2016 to now implementing Health and Safety training ***programs*** for all employees in 2017 with more than 18,000 hours of training provided.These values and actions resulted in a solid safety performance observed in 2017. During the year ended December 31, 2017, the Company did not observe any Lost Time Injury ("LTI") and to date achieved a significant milestone of more than 4,300,000 hours LTI free since the mine commenced operations.Operational performance:During the year ended December 31, 2017, 319,855 tonnes of ore were extracted from the underground mine. Mine development in 2017 totalled 6,819 metres compared to 6,739 in 2016.As at December 31, 2017, 14 sublevels had been developed throughout the extents of the resource. The Company took advantage of higher than ***planned*** productivity rates from the underground mining contractor to advance mine development ahead of budgeted requirements. As a result, the Company is significantly ahead of the initial mine ***plan*** and is, as such, benefiting from additional flexibility.In 2017, approximately 52% of the mill feed was sourced from stoping activities as opposed to 29% during the seven-month of operation in 2016.In September 2017, a second production rig arrived onsite which supported an increase in stoping capacity over the final months of the year. At the end of the year, nine stoping panels were developed for extraction.Stoping activities during the course of 2017 were focused between the 5270 and 5168 levels while development took place between the 5151 and 5049 levels. Reconciliation of mined material against the Company&#39;s resource model performed well on a tonnage basis but underperformed on a grade basis by approximately 11%. While the stoping areas between the 5270 and 5168 levels generally performed well, the areas that were developed between 5151 and 5049 demonstrated variability against expectations. Grade variability is expected at the 55 Zone, as in 2016, the resource model under predicted actual gold mined by 2% and early indications for 2018 are that grade reconciliation has improved.To better understand the distribution of grade between the 5151 and 5049 levels, the Company is ***planning*** an 11,000 meter drilling ***program*** from surface and underground to better test the eastern and western extents of the 55 Zone in this particular area.The processing facility ran at an average operating time of 96% with excellent metallurgical performance representing an improvement from 93.3% achieved during the seven-month period ended December 31, 2016.Accordingly, in 2017, 266,599 tonnes of ore were processed for an average throughput of 730 tonnes per day including a record throughput of 70,815 tonnes in the fourth quarter. Average head grade for 2017 was 15.3 grams per tonne. The 2017 average recovery was 98.9% in line with the recovery achieved in 2016 while the gravity circuit contribution to the overall recovery increased to between 65% and 70% during 2017 from 58% in 2016.Based on the foregoing, 126,990 ounces of gold were poured during the year ended December 31, 2017 compared to 75,078 ounces of gold for the seven-month period ended December 31, 2016.Financial Performance:During the year ended December 31, 2017, a total of 126,555 ounces of gold were sold resulting in revenues from gold sales totalling $159 million at an average realized gold price of $1,260 per ounce sold compared to an average market gold price of $1,257 per ounce.During the four-month pre-commercial production period ended September 30, 2016, a total of 42,844 ounces of gold were sold resulting in pre-commercial production revenues of $57 million (at an average realized gold price of $1,322 per ounce sold). This amount was recorded to Mineral properties under development within property, plant and equipment ("PP&E"). From the declaration of commercial production on October 1, 2016 to December 31, 2016, 34,271 ounces of gold were sold at an average realized gold price of $1,208 per ounce for gold sales revenue totalling $41 million. Accordingly, the Yaramoko gold mine generated $98 million of pre-commercial and operational revenue during the seven months in which it was it was in operation during the twelve-month period ended December 31, 2016.Mine operating expenses represent mining, processing, and mine site-related general and administrative expenses. The cash operating costtotalled $438 per ounce for 2017 below the lower-end of the 2017 guidance range of $445 to $490 per ounce ***produced***. The variation with the 2016 comparable period is a result of lower head grade combined with a higher cash operating costper tonne processed. The difference between the cash operating costper tonne processed of $208 in 2017 and the cash operating cost1 per tonne processedof $196 for the comparative period of 2016 is mainly due to costs associated with standard preventive maintenance which occurred in 2017 as the mill facility had been in operation for more than twelve months along with reagents costs that were included in the first fill pre-production costs in 2016.In 2016, the Company made the ***strategic*** decision to continue to invest in the underground mine development during 2017, to ensure mine operational flexibility and resilience as well as to benefit from the opportunity provided by the high availabilities of the mill. As such, Roxgold invested $25,515,000 in underground mine development including $10,039,000 spent eighteen months ahead of the current mine ***plan*** schedule, representing a sustaining capital cost1 of $202 per ounce sold. As a result, the Company achieved a site all-in sustaining costof $692 per ounce sold and an all-in sustaining costof $740 per ounce sold representing the low end of the 2017 guidance compared to all-in sustaining costof $705 per ounce sold for the comparable period in 2016. The variation year over year is essentially due to a higher cash operating cost resulting from lower head grade and a slightly higher cash operating costper tonne as previously explained.Based on the financial performance discussed above, the Company achieved cash flow from mining operationsof $83,944,000 for the year ended December 31, 2017, for cash flow from mining operations per share of $0.23 (C$0.28/share), which allowed the Company to become net cash positiveduring the fourth quarter of 2017.Comparatively, the Company generated cash flow from mining operations of $59,106,000 during the seven-month period ended December 31, 2016.The variation between both periods is due to the timing of the start of the operations in 2016.CORPORATE AND SOCIAL RESPONSIBILITY ACTIVITIES ("CSR"):2017 highlights:Roxgold has established a collaborative and participative approach with the community investment ***program*** in the communities surrounding the Yaramoko gold mine.In 2017, the key areas of activity have included community investment, community health and safety, cultural heritage and road infrastructure development, along with socio-economic development to enhance local procurement and employment opportunities.The Company&#39;s main ***program***, the community investment ***program***, aims to improve the education, health, water and sanitation and economic development of the host communities with the financial support of projects that originate from the local communities themselves. This year, 30 projects were funded with a focus on youth and women&#39;s development, which include the following:Support for the opening of a municipal occupational training center;Solar electrification or boreholes in four schools;School construction;Capacity building of women&#39;s association (e.g. ***agricultural*** business);Development of Bagassi electrification system.Along with the Environmental and Social permitting process undertaken in 2017 for the mine extension project at Bagassi South, Roxgold has strengthened the relations and trust between the Company and the community with the identification of additional future shared benefit opportunities in community investment projects, local employment and local procurement.In collaboration with the Canadian project West Africa Governance & Economic Sustainability in Extractive Areas (WAGES) managed by the CECI and WUSC organizations the Company has worked in partnership with communities, local government, mining companies, and other stakeholders, to enable communities, particularly women and youth, to maximize the socio-economic benefits from extractive resource investment in West Africa. In 2017, the group has been successful in opening the municipal occupational training center and local suppliers&#39; capacity building events.2018 CSR ***program***:Based on the success of previous years, the 2018 CSR activities will keep the same approach of grassroots-based initiatives, collaboration, transparency and partnership to maximize the benefit, sustainable growth and creation of local community opportunities from the Company&#39;s operation and extension project, especially through human capital and economic development. Furthermore, the six main ***programs*** as described above will be further strengthened. In addition, the extensive stakeholder engagement ***programs*** currently in place contribute to the viability of Roxgold&#39;s projects and secure future growth.REVIEW OF ANNUAL 2017 FINANCIAL RESULTS:Mine operating profit:During the year ended December 31, 2017, revenues totalled $159,414,000 while mining operating expenses and royalties totalled $55,681,000 and $6,443,000, respectively. The Company achieved total cash cost1 per ounce sold of $491 for the year ended 2017 period representing a mining operating margin1 of $769 per ounce sold.The Company declared commercial production on October 1, 2016 and consequently there is no comparable mine operating profit for the full twelve-month period ended December 31, 2016. Pre-commercial production revenue totalling $56,625,000 associated with gold ounces sold during the period June 1 to September 30, 2016 has been offset against mine operating costs, totalling $14,728,000, and other capitalized costs, including previously capitalized development costs, on the statement of financial position. Accordingly, mine operating profit totalling $21,493,000 for 2016 presented in the Financial Statements relates solely to the 34,271 ounces of gold sold during the fourth quarter of 2016, representing a mining operating margin1 $746 per ounce sold, and a total cash cost1 per ounce sold of $461.General and administrative expenses:General and administrative expenses totalled $4,627,000 for the year ended December 31, 2017 period compared $3,395,000 for the corresponding period in the prior year. Higher corporate development costs and non-recurring professional fees associated with graduating as a listed issuer on the Toronto Stock Exchange, affected the corporate expense in 2017. Additional corporate personnel were also hired to position the Company for future growth.Sustainability and other in-country costs:Sustainability and in-country costs totalled $1,612,000 for the year ended December 31, 2017, respectively compared to $398,000 for the twelve-month comparative period. These expenditures are incurred to maintain Roxgold&#39;s social licence to operate in Burkina Faso, and include investments made in sustainability and community projects related to current operations. Costs totaling $460,000 incurred during the pre-commercial period in 2016 were capitalized in PP&E.Exploration and evaluation expenses ("E&E"):Exploration and evaluation expenses totaled $12,757,000 compared to $6,039,000 for the year ended December 31, 2017 and December 31, 2016, respectively.Drilling costs incurred during the period totalled $5,760,000 and $3,658,000 for the year ended December 31, 2017 and 2016 period, respectively. The 2017 drilling ***program*** for the Bagassi South area included a total of 214 drill holes for a total of 23,535 meters of drilling while the 2016 drilling costs reflected a ***program*** which included 4,225 metres of diamond drilling.The cost incurred for the economic and feasibility studies for the year ended December 31, 2017 period include expenses associated with the updated mineral resource estimate, the preparation of the Bagassi South project Feasibility Study and the filing requirements to get the permitting approval for Bagassi South project.Share-based payment:Share-based payment totalled $2,522,000 compared to $2,135,000 in the year ended December 31, 2017 and 2016 period, respectively. Stock option costs reflect the decrease in stock options granted combined with a modification of the vesting conditions which since January 2017 are vesting over thirty-six months as opposed to twenty-four months.Performance share units ("PSU") and Deferred share unit costs reflect expenses associated with the units granted to senior management and directors, respectively in 2017. The variation with the prior year is due to the implementation of the PSU ***plan*** early in 2017 and a change in directorship in 2016.Financial expenses:Net financial expense totalled $14,214,000 for the year ended December 31, 2017, compared to $10,601,000 for the comparable period in 2016. The $3,613,000 variation period over period is mainly attributable to the change in the fair value of the Company&#39;s gold forward sales contracts and increased interest expense in relation to the Company&#39;s Amended facility as these were capitalized in 2016 until the declaration of Commercial Production on October 1, 2016.Deferred income tax expense:The deferred income tax expense mainly reflects future income tax impact associated with temporary differences between the accounting and the tax basis of the Company&#39;s assets offset by future benefits related to non-capital loss carry forwards.Net income (loss):The Company&#39;s net income for the year ended December 31, 2017 was $23,423,000 compared to a net loss of $1,071,000 in the comparable period of the year prior. The variation is a result of the Company&#39;s operations as the Company was in the development stage until it declared commercial production on October 1, 2016.Consequently, the Company&#39;s income per share was $0.05 per share in 2017 to a loss of $0.01 per share for the comparative, 2016 period.Income Attributable to Non-Controlling Interest:For the year ended December 31, 2017, the income attributable to the non-controlling ("NCI") interest was $4,400,000. The Government of Burkina Faso holds a 10% carried interest in Roxgold SANU SA and as such is considered Roxgold&#39;s NCI. The NCI attributable income is based on IFRS accounting principles and does not reflect dividend payable to the minority shareholder of the operating legal entity in Burkina Faso.

**Load-Date:** April 15, 2018

**End of Document**



[***Bovine TB proposals a mixed bag', says UFU***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R37-CBH1-JDPH-B4JH-00000-00&context=1516831)

Farming Life

December 2, 2017 Saturday

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**Body**

The UFU has said it has some serious concerns around proposals for tackling the worsening incidences of bovine TB in Northern Ireland.

On Thursday the Department of ***Agriculture***, Environment and Rural Affairs (DAERA) launched a public consultation on a range of proposals in response to the report ***produced*** by the independent TB ***Strategic*** Partnership Group (TBSPG) in December 2016.

They include a badger cull and vaccination in targeted areas, changes to the compensation system paid to farmers, and the introduction of a payment for an annual herd test.

Chief veterinary officer Robert Huey has urged those who are interested in the issue to read the proposals in full and respond before the consultation period ends on February 1, 2018.

He said he was all too aware of the devastating impact of bovine TB right across the ***agriculture*** industry. The rates of bovine TB continue to rise and latest figures show a herd incidence rate of 9.26%.

Mr Huey added: "Given the significant rise in the incidence of bovine TB, the concern of the farming community and the pressure that rising bovine TB ***programme*** costs has on our budget, the department has decided that, in the broader public interest, we should move forward with a consultation on proposals responding to the recommendations made by TBSPG last December."

The key proposals are:

q New management/partnership arrangements with a Northern Ireland Eradication Partnership Board, three sub-regional boards and ad hoc local disease teams;

q A number of enhancements and additions to the existing bovine TB Eradication ***Programme***;

q A ***programme*** of badger removal and vaccination in targeted areas;

q Greater emphasis and ownership by the farming industry on reducing risk through better herd health management;

q Changes to the compensation system and the introduction of a payment for an annual herd test.

Victor Chestnutt, Ulster Farmers' Union deputy president, has described DAERA's consultation on ***plans*** for tackling TB as a mixed bag' and said while there are some proposals the union can support, they have serious concerns about others.

Mr Chestnutt said it is positive the department recognises the need to address TB in wildlife and the union will be making a strong case for a robust wildlife ***intervention*** ***programme***.

He added: "The union has always argued that meaningful action to tackle TB in wildlife must be taken before changes to compensation or how tests are paid for is even considered. To date, the department has failed to do this. We have serious concerns about any suggested changes to compensation or testing without the implementation of robust action to tackle TB in wildlife."

The UFU said it is also supportive of the proposals to create an overarching body and regional bodies to help coordinate efforts to eradicate TB.

Responses can be made at [*https://consultations.nidirect.gov.uk/daera-tb-br-policy-and-research/tb-eradication-strategy-consultation*](https://consultations.nidirect.gov.uk/daera-tb-br-policy-and-research/tb-eradication-strategy-consultation)

**Load-Date:** December 2, 2017

**End of Document**



[***Kazakhstan and USA strengthened their economic ties: Key moments***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RF2-HNB1-JDVR-03C3-00000-00&context=1516831)

Emerging Markets Brokers Reports - Russia

January 17, 2018 Wednesday 11:16 AM EEST

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**Body**

During the visit of President Nursultan Nazarbayev to the White House, a number of commercial contracts and documents were signed, Akorda's press service informed.

World17 January , 09:02

President Nursultan Nazarbayev's visit strengthened close commercial and trade ties between Kazakhstan and the United States, which will help to create new jobs and boost the economic growth in both countries. President N. Nazarbayev noted that these efforts are important for achieving Kazakhstan's goal of entering the world's 30 most developed global economies by 2050. During the visit, a number of commercial contracts and documents were concluded, including new agreements between the companies "Boeing", "GETransportation", "GEDigital", "Chevron", "Air Astana", "KTZ", "SKAT" and "Samruk-Kazyna" for the acquisition of US products and services worth more than 2.5 billion dollars.

The key moments of this economic cooperation include:

Regional Trade and Economic Development

Intergovernmental cooperation. Kazakhstan and the United States of America continue to cooperate on the implementation of WTO commitments, resolve existing disputes, improve Kazakhstan investment climate and increase bilateral investment. Two countries have recently concluded an air navigation agreement that will strengthen bilateral relations by simplifying the visits of senior US and Kazakh officials.

Promotion of regional trade. Kazakhstan and the United States cooperate in the sphere of the Trade and Investment Framework Agreement (TIFA) in Central Asia, which facilitates the expansion of trade in the region.

Kazakhstan demonstrated its leadership in trade issues by organizing a meeting in the Central Asian format of the TIFA on December 12, 2017 in Almaty. During this meeting, Kazakhstan and the United States agreed to establish a new regional Working Group on the Protection of Intellectual Property Rights in order to promote trade and innovation.

In October 2017, Kazakhstan, together with the US Agency for International Development, held the 7th Central Asian Trade Forum in Almaty with the participation of more than 1,100 official representatives, entrepreneurs, sponsors, industry leaders from at least 15 countries. This contributed to the signing of memoranda of intent to conduct in the future trade transactions worth more than 25 million dollars.

Bilateral trade. In 2016 the volume of bilateral trade turnover reached 1.9 billion dollars. Both countries are committed to further expanding trade relations. The United States welcomes Kazakhstan's interest in working on a bilateral agreement on civil aviation. This agreement will strengthen economic ties and will promote the growth of business contacts, encouraging affordable, convenient and efficient services for air passengers.

Trade in commercial aircraft. During the visit, two leaders welcomed individual deals between "Boeing" and Kazakh airlines totaling 1.3 billion dollars, supporting the opening of 7.1 thousand direct and indirect workplaces in the United States. In particular, "SCAT Airlines" ordered six "Boeing-737 MAX 8" aircrafts. Taking into account the ***planned*** delivery of the first aircraft in March 2018, these aircraft will be the first models of the "737 MAX" owned and operated in Kazakhstan and Central Asia, expanding the regional and international network of "SCAT". In addition, the national airline of Kazakhstan "Air Astana" has confirmed its commitment, in accordance with the terms of the existing contract, to purchase three "787 Dreamliner" aircrafts with the scheduled delivery in 2021.

Railways. "General Electric" Company (GE) and "Kazakhstan Temir Zholy" Company (KTZ) have concluded two new ***strategic*** initiatives estimated at almost 900 million dollars that will support or create 3,500 workplaces in the USA. "General Electric Transportation" will develop and ***produce*** up to 300 coupling locomotives for "KTZ", which will be delivered in 2019. "General Electric Transportation" also signed an 18-year agreement to provide services for the maintenance and support of 175 passenger locomotives "General Electric Evo" owning by "KTZ", starting in 2018. The deal will include the expansion of the main railway production of "KTZ" in Astana.

***Agriculture***. The USA and Kazakhstan recognize the importance of developing trade relations in the ***agricultural*** sector and will continue to explore opportunities to expand cooperation, including through the joint ***agricultural*** research. The joint research work helps both countries work towards achieving the safe and wide food security.

The development of Afghanistan. The United States and Kazakhstan support the achievement of the stable stability and prosperity in Afghanistan by providing the political support, increasing the regional trade and economic development. Kazakhstan announced the completion of a special training ***program*** for Afghan civilians and offered to continue to train specialists of this country at Kazakhstani institutions.

Digital infrastructure. "GE Digital" and "Samruk-Kazyna" SWF signed an agreement on ***strategic*** partnership aimed at accelerating the digital evolution of the portfolio of industrial companies of the Fund. The agreement demonstrates the progress of companies in creating a sustainable digital ecosystem in Kazakhstan and provides for joint evaluation of digital permissions of "GE" based on the "Predix" platform.

Leadership in the exploration of the outer space. The United States notes with appreciation that Kazakhstan is a point of departure and safe return of American cosmonauts working for the International Space Station. America offers Kazakhstan to participate in the 2nd International Space Exploration Forum on March 3, 2018 in Japan. Kazakhstan and the United States will explore the possibility of cooperating in the application of space technologies to assess threats to the environment and nature within the framework of the International Charter, which aims to provide a unified system for the acquisition and transmission of space data to countries affected by natural or man-made disasters.

Healthcare. The United States and Kazakhstan develop health services in Kazakhstan through cooperation with the Centers for Disease Control and Prevention (CDC). The University of Pittsburgh Medical Center (UPMC) is also working with Nazarbayev University to create a world-class cancer center that will serve the citizens of Kazakhstan and the whole of Central Asia.

Pharmaceuticals. "Pfizer" Company has signed a Memorandum of understanding with Kazakhstan on the possible implementation of a project to localize the production of secondary packaging of high-tech medical products. If the decision is positive, the project may include measures to improve the cold chain system for the transport and storage of medicines in Kazakhstan.

Kazakhstan and future energy

International exhibition "EXPO-2017". Kazakhstan held an exhibition "EXPO-2017" in Astana, demonstrating the leadership in innovation in the energy sector under the slogan "Future Energy". EXPO site will be provided for the "Astana" International Financial Center and the Park for Innovative Technologies.

***Strategic*** energy dialogue. In 2017, the United States and Kazakhstan increased their bilateral energy partnership to the level of the ***Strategic*** Energy Dialogue. Practical discussions in the framework of the dialogue will begin in 2018. This expanded format provides the basis for cooperation in the development of peaceful nuclear industry, technologies for carbon capture, storage and utilization, stability of energy networks, as well as nuclear safety and non-proliferation.

Export of oil and gas and investments. "Chevron" and "ExxonMobil" Companies entered Kazakhstan market in 1993, becoming the first large oil companies to invest in the new independent country.

"Chevron" signed a landmark contract for a period of 40 years to develop a large "Tengiz" field, and over the years the company has invested tens of billions of US dollars in the oil and gas production in Kazakhstan, creating thousands of jobs, introducing world-class technology and best practices in the energy sector of the country.

"Chevron" signed a Memorandum of Understanding with the Ministry of Energy of Kazakhstan on the use of reinvestment funds worth 251 million dollars to finance lucrative projects in Kazakhstan.

With a total investment volume of over 20.2 billion dollars, "ExxonMobil" is actively engaged in the exploration, development, production and transportation of oil and gas.

"Tengizchevroil" JSC (TCO) is a joint venture with the participation of "KazMunayGas", "Chevron", "ExxonMobil" and "LukArco" - made direct financial payments of more than 124 billion dollars to Kazakhstani entities and it is currently implementing a project on expansion of production in the amount of 36.8 billion dollars.

The project under the "North Caspian Sea Production Sharing Agreement" (NCSPSA) is the largest foreign direct investment project in Kazakhstan, creating jobs and opportunities for business in the regions. The cost of the "Phase 1" project at the "Kashagan" field was about 55 billion dollars, and since 2004 the sales of goods, works and services amounted to more than 13.3 billion dollars. The project will work for decades, and its shareholders, including "ExxonMobil", expect that the Government of Kazakhstan as a direct income will receive billions of dollars.

"Chevron" and "ExxonMobil" contributed to the development of Kazakhstan's economy by participating in the "Caspian Pipeline Consortium" (CPC). In 2017, the CPC completed Kazakhstan's part of the project to expand the pipeline, which could increase its total throughput capacity to 1.4 million barrels per day. The pipeline system is the most attractive option for the export of Kazakhstan oil from the "Tengiz" and "Kashagan" fields.

Nuclear power. Kazakhstan and the United States are committed to cooperation in promoting safe nuclear energy.

Kazakhstan is a leading supplier of uranium, having ***produced*** more than 24 thousand tons of nuclear fuel in 2016.

In 2017, Kazakhstan opened the Low Enriched Uranium Bank (LEU) in partnership with the United States of America. The LEU Bank provides a reliable source of fuel for countries transitioning to clean nuclear energy and reduces the risk of proliferation of enrichment technologies.

Modernization of the regional energy system. Kazakhstan and the United States agreed to explore technologies and projects for the reintegration of the regional energy system in Central Asia and improve the energy security, economic stability and promote commercial investment.

"Future Energy" is a regional measure in the framework of the 2015 Joint Declaration on Partnership between the five Central Asian countries and the United States of America (C5 + 1), which helps to support region's transition to climate-resilient economies with low emissions.

The "Future Energy" ***Program*** supports renewable energy projects that increase the energy efficiency in Kazakhstan, while improving the ability to identify and achieve more ambitious targets for reducing greenhouse gas emissions.

Strengthening of human capital

The visa ***program***. In 2015, Kazakhstan initiated a short-term visa-free travel ***program*** for US citizens, and the United States began issuing 10-year business and tourist visas to citizens of Kazakhstan. These visa regimes contributed to the growth of trips to both countries, opening up new opportunities for business, investment and tourism.

Travels. Today, nearly 26,000 Kazakhstani citizens reside in the United States, and more than 5,000 US citizens reside in Kazakhstan. Last year, the Government of the United States issued about 18,000 visas to citizens of Kazakhstan, which facilitated numerous visits to the United States.

Education. The United States expressed its readiness to assist the Government of Kazakhstan in establishing a trilingual society until 2050. The United States will provide a development ***program*** to improve access to English language training and the preparation of a new generation of English language teachers in Kazakhstan. In 2017, more than 2,800 Kazakhstani teachers of English took part in Internet seminars on professional development.

In 2018, American teachers will help to improve the methodology of teaching English in the regions of Kazakhstan.

The "Microscholarship for Access to English" ***program*** helped 480 young students from disadvantaged families to attend lessons after school and to attend summer camps.

The United States is funding the "English for journalists" ***program*** that will improve the professional qualifications of 230 Kazakhstani journalists.

The "Bolashak" ***program***. In 1993, Kazakhstan launched the "Bolashak" presidential scholarship ***program*** for study abroad. "Bolashak", which means "future" in Kazakh language, is an indication of the importance that Kazakhstan attaches to educating its youth at the best universities of the world.

The "Bolashak" ***program*** is a universally recognized scholarship that is paid to students from Kazakhstan for training at foreign universities.

The United States cooperates with the "Bolashak" ***program*** to assist in the selection process of scholarship holders and to expand the number of US universities participating in this ***program***.

Since the establishment of this ***program*** in 1993, more than 12.5 thousand Kazakhstani students have received the "Bolashak" scholarship, 2,315 of which completed their studies in the United States. After graduation, the scholarship holders return to work in Kazakhstan for a period of at least five years. Currently, 358 "Bolashak" scholarship holders study at the US universities.

[*www.strategy2050.kz*](http://www.strategy2050.kz).

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**Load-Date:** January 17, 2018

**End of Document**



[***Transcript of IMF Press Briefing***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P2W-7F71-JDG9-Y1PY-00000-00&context=1516831)

Impact News Service

July 21, 2017 Friday

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**Length:** 4678 words

**Body**

Washington, D.C: International Monetary Fund has issued the following news release:

 Mr. Murray: Good morning, everyone and welcome to this press briefing on behalf of the International Monetary Fund. I am William Murray from the Communications Department here at the International Monetary Fund in Washington. As usual this is one of our regular briefings, and it’s embargoed until 10:30 a.m Washington time.

Before I run through upcoming events and take questions from the journalists here in the room and those online, let me introduce a special guest that we have with us today, who will brief you on the latest update of the Work ***Program*** of the IMF Executive Board.

Alfred Kammer, who is Deputy Director of our Strategy, Policy and Review Department, will walk us through the latest version of the Work ***Program***, and he’ll also take questions online, so if you have any questions from the document that was supplied to you under embargo, please submit them online, and we’ll facilitate that as necessary.

With that, let me invite Alfred to take the floor.

Mr. Kammer: Thank you, Bill. The Work ***Program*** sets out the policy priorities for the Fund’s membership and helps shape the Executive Board agenda over the next 12 months. In line with the Fund’s ***strategic*** priorities, this Work ***Program*** focuses on three areas that are relevant for our membership: How to support efforts to sustain the recovery, lift productivity and increase resilience; how to promote sustainable policies toward a more inclusive global economy; and how to facilitate multilateral solutions to meet global challenges.

These areas follow the directions set out in the Spring 2017 Policy Agenda and the Communiqué of the International Monetary and Financial Committee.

Before I delve into specific topics in each area, I want to highlight some of the work that will be discussed at the Board in the coming days. As you know, tackling corruption is a priority for the Fund. It affects economic efficiency, inequality and macro-stability, and frankly, tackling corruption is the right thing to do.

To this end, we have a paper going to the Board tomorrow on the role of the Fund in governance issues. This will be followed by a second paper in April 2018 on the same topic that will propose principles and guidelines to better clarify and enhance the Fund’s role on this important issue.

On Monday, the Board will discuss the External Sector Report, which provides our Annual External Sector Assessments of the world’s largest economies. And on Wednesday, the Fund will consider issues relevant for the international financial architecture, specifically looking at our collaboration with regional financing arrangements.

Now turning to the three areas of focus for the Work ***Program***: on sustaining the recovery and lifting productivity, the Fund’s emphasis on the three-pronged approach of monetary policy, fiscal policy and structural reform continues to inform the Work ***Program***. For instance, we will look at ways to assess fiscal space and how we can better integrate structural reforms in our work.

On sustainable policies for a more inclusive global economy, we are expanding our policy analysis on how to address rising concerns on inequality. On facilitating multilateral solutions to meet global challenges, we refined our work on capital flows and macroprudential policies, and we will continue to assess the external sector of the largest economies as previously mentioned.

The Fund is also continuing work on supporting the 2030 Sustainable Development Goals and the financing for development agenda. This includes recent work on building fiscal capacity in fragile states, as well as work to explore country experiences to strengthen domestic revenue and public financial management. And we will continue our work to complete the 15 th Quota Review by 2019.

Our flagship reports, the World Economic Outlook, the Global Financial Stability Report, and the Fiscal Monitor, will continue to help guide the policy dialogue and will further address our efforts to make the global economy work for all.

The analytical chapters of the next World Economic Outlook, or WEO as we call it, will focus on understanding recent wage dynamics, the effects of climate change on macroeconomic activity, and on the magnitude and determinants of spillovers from fiscal policies in advanced economies.

The Global Financial Stability Report, the GFSR, which draws out the financial stability implications of economic issues highlighted in the WEO, will consider the impact of the exit from unconventional monetary policies, investigate the relationships between household debt, income and credit, and their implications for financial stability, and delve into the relation between financial conditions and downside risk to future economic activity.

In addition to analyzing the latest public finance developments, the Fiscal Monitor will discuss fiscal policy options for advanced, emerging and developing economies that wish to address rising concerns in the area of inequality, and the challenges in managing the tradeoff between efficiency and equity.

A few more highlights. We will have new work on reviewing measurement in the digital economy to explore the measurement challenges for growth and productivity. We continue to help our members tackle vulnerabilities through our work on sovereign debt restructuring, FinTech, correspondent banking relationships, and on bank resolution frameworks, and we will take stock of our pilots on gender, inequality and climate change later this year.

These are some of the areas which we identified as macro-critical for the Fund to strengthen surveillance in; pilots help us to strengthen our analytic basis, and develop tools and gain experience in country cases. This approach was used successfully in our macro-financial analysis, which is now included in our surveillance across the membership.

With that, I’ll be happy to answer any questions.

Questioner: Two questions: do you have a date for the External Sector Report? And secondly, is the Fund doing any work on inflation, and as a subset of inflation, on the whole issue of wages? That seems to be a conundrum right now that a lot of people in the market, a lot to economists are struggling with: why we are not seeing a bigger pickup in inflation, in wages in particular.

Mr. Kammer: On your question on inflation and wages, that is one of the topics which will be taken care of in our flagship publications. The WEO, in particular, we’ll be looking at wage dynamics, at the de-link between unemployment and wage developments, and labor market developments over the last two years, which addresses the issue you have been mentioning.

On the External Sector Report, what was the question?

Questioner: I just wondered if you had a date for that yet.

Mr. Kammer: That is going to happen on Monday.

Questioner: The discussion will happen on Monday?

Mr. Kammer: Yes.

Questioner: Since the Trump administration has been promoting its “America first” polices, Managing Director Lagarde has talked more about promoting free and fair trade policies. I’m just wondering where that fits in with the Work ***Program***. Does that come under facilitating multilateral solutions?

Mr. Kammer: I think it’s a broader work ***program*** we have in place. And I think it’s going beyond the Trump administration. We had a backlash against globalization, which was experienced in many countries, and there were questions raised on the negative impact of globalization, but also of technology, in particular on labor. And as you know, the WEO did already a chapter on the declining labor share and income in the spring.

We are looking at three buckets. One bucket is how do you use domestic policies to address the impact of technology and globalization domestically, and these could be fiscal policies, labor market policies, et cetera. We also have a second bucket that looks

into fairness across time: that means sustainable fiscal policies, pension systems etc.

And the third bucket, which you were referring to, is the multilateral system. To look at making it useful for our membership, addressing any concerns they have. And that’s also what we are going to do. I see we also have a question online: When do you expect the Board will engage on better credit engagement and sovereign debt restructuring, review of existing modalities and possibly reforms? Will you submit new proposals to extend the collective action clauses?

On this one, I will need to get back to you. I don’t have the precise date available here.

Before I hand over to Bill, one final note. The Fund will also continue to work to help members strengthen their tax systems, including through a pilot of 15 countries, to deepen the integration of international taxation issues and bilateral surveillance.

Mr. Murray: Alfred, thank you very much. And, again, thank you all online. We’ll turn to the regular briefing in a second. But if you do have any follow-up questions on the Work ***Program***, this is under embargo as well until 10:30 in Washington time. Contact Media Relations. They can follow up with Alfred.

Let me turn to IMF events, and then I’ll take questions from journalists here and those online.

Just to start off, on Monday, July 24, we will be releasing the World Economic Outlook update. This update will be launched in Kuala Lumpur, Malaysia, on Monday, July 24, at 11 a.m local time. I think that’s the evening here in Washington, Sunday, July 23. The press will be getting, obviously, the material under embargo.

The event itself, press briefing by Maurice Obstfeld, our Economic Counsellor and Director of Research Department, will be webcast live, both on our main website IMF.org and through this press center. So, you have two options for watching the event live if you so choose.

Again, on Monday, July 24th, at 10:30 a.m , Washington time, Managing Director Christine Lagarde will be at the Center for Global Development. The event will be entitled, “Global Economic Challenges: A conversation with IMF Managing Director Christine Lagarde.” This is going to be an opportunity for Madame Lagarde to discuss the WEO update, as well as other issues that are shaping the work of the Fund, some of it which was just touched upon by Alfred Kammer.

Reminder, this is the last IMF press briefing before the Executive Board’s summer recess. That takes place in the first half of August. The Board will go back into session in the second half of August.

However, Media Relations will not be in recess in August. There will be a whole series of Article IV consultations that’ll be concluded by our Executive Board over the next weeks. They are with a number of the systemic countries and regions. And, obviously, this will translate into some publications into the early August period.

Media Relations will be in contact with you regarding specific details. But let me give you a couple dates that you can mark in your calendar: July 21 is euro area policies. July 24 is the conclusion of the U.S Article IV consultation. July 26 is Japan. July 28 is China.

You earlier asked about the External Sector Report. That will be, as we noted, discussed formally by our Executive Board on Monday, July 24. Media Relations will be in contact with you as well regarding the publication ***plans***. Most of the reports associated with these Board discussions will be coming out within a two-week window or so.

And with that, let me take questions. Start here in the room, and then we can go to those online.

Questioner: First of all, can you tell us the modalities, what time is the Board today? What time it’s going to convey about the conditions, the decision of the Greek ***program***?

Mr. Murray: I’m not going to have much fresh to say today on Greece. As you tipped toward, we have the Executive Board discussion on the new Greece ***program*** with the IMF. That discussion is going to take place in the afternoon. We expect that there will be press releases and commentary associated with that Board discussion today. I don’t have a precise time and when the Board will conclude. It’s going to be late afternoon before we’ll know anything. Media Relations will be in touch with you and others interested in the Greece ***program*** when they’re aware of when we’re launching the associated paperwork.

Questioner: The question before the Board meeting is: do you think that Greece should return to markets at this point? Do you think that the country’s ready to return to the markets?

Mr. Murray: I don’t really have anything specific to say other than to underscore that virtually all IMF ***programs*** have debt ceilings associated with them. How countries manage their debt, their liabilities, influences the debt ceiling. But beyond that, I don’t have anything further to say on Greece. You’ll see in some of the paperwork that’s likely to be released later today, what the Greece debt-ceiling analysis is and the commitments are.

I understand, as well, just before I came down here, that a spokesman for the Greek government mentioned that the ***plan*** would be to go to markets in 2018. Let me remind you that the whole point of IMF ***programs***, whether it’s Greece or any other country, is to ultimately bring a country back to private capital markets. So, you create stable economic conditions that facilitate, ultimately, capital market borrowings. That’s clearly a function of this Greece ***program***.

The other thing to keep in mind is that this Greece ***program*** remains predicated on the two legs that we’ve long mentioned, which are: one, a specific, credible debt sustainability proposal and actions from Europe. And secondly, economic policy implementation, which is part of this ***program*** once it’s approved by our Executive Board and then put into place as economic policy implementation.

Questioner: There are reports that the Board is not going to give today, to the Europeans, a deadline about the Greek debt.

Mr. Murray: I’m not going to get into that specific level of detail. Just stay tuned to see what comes out. We have every reason to want to explain what we’re doing and why we’re doing things. Let’s let the Board have this discussion, and then we’ll come -- we’ll be completely prepared to discuss all aspects of the Greece ***program***.

Questioner: I just wanted to see if the IMF had any reaction to yesterday’s high-level meetings between the United States and China? As you know, they really didn’t come up with anything to agree upon. I’m just wondering how concerning is that, for example, does that open the door to unilateral actions by the United States, such as steel tariffs?

Mr. Murray: I’d have to speculate about what ifs, and we don’t do that. We don’t have anything to react to. As you know, there was no formal statements issued, but they’re still engaged, and that’s what we really want to see. We want to see all countries engaged.

Obviously, it’s a bilateral engagement, but we also like to see multilateral engagement. The United States and China are members of the IMF, and they engage through this institution on a regular basis as well. Engagement is important. But beyond that, I don’t have any reaction to what happened here in Washington yesterday on their bilateral economic discussions.

Questioner: We spoke of the two legs of the ***programs*** and debt restructuring, which was pretty much the second leg. So, are we going to keep seeing the Greeks kicking the can down the road? Because with this agreement in principle we have discussed, you will typically not violate your rules. But if this agreement does not have a specific deadline and in the end, we don’t see an efficient debt restructuring, it means that you will have endorsed a ***program*** in a country that based on your claims, the debt is not sustainable.

Mr. Murray: I don’t want to really get into the nitty gritty of this. Let’s see what comes out of the memorandum of understanding between us and the Greek authorities. You’ll see in the staff report. We’ll be repeating our views on debt sustainability. All IMF ***programs***, whether it’s Greece or any other country, requires a degree of debt sustainability. There has to be assurances that a country can have a sustainable debt profile. And that’s not going to change anytime soon. That’s a standard practice.

But beyond that, I don’t really have anything further to add on Greece. We’ve been pretty clear on what our overall goals are. And again, it gets back to what I said earlier when he was asking about the debt ceiling. The ultimate goal is to get Greece into a more normalized situation where it can return to private capital markets and function in a less stressed economic situation.

Questioner: I have a monetary policy question. Do you have any comment on the ECB’s decision today and the commentary surrounding that from Mr. Draghi?

Mr. Murray: Just a brief remark here. Nothing too detailed. The ECB made no change to its monetary policy stance today, as you know. The accommodative stance is improving credit conditions and supporting the recovery in Europe. We are reassured by the ECB’s continued commitment to ensuring a sustained adjustment in the path of inflation, consistent with its medium-term price stability objective.

Questioner: And the second question, I wanted to just follow up, he mentioned steel briefly. There’s been some discussion about the U.S possibly imposing sweeping tariffs on steel imports from all countries. This was something that came up at the G-20 discussions. Does the IMF have a position on this?

Mr. Murray: Not specifically until we see what happens. I don’t have a specific position, but our general principle is that we want free and open markets, within a multilateral context, so we’ll see what happens, and how that fits into that context.

Let me take a couple questions online.

Ghana President, Nana Akufo-Addo, on Tuesday said the country will not extend its three-year aid ***program*** with the IMF beyond April 2018. The IMF had urged it to do so to give it time to complete the ***program***’s goals. Did the IMF so urge?

A step back real quick for some context. Right now, we’re in the process of completing the fourth review of Ghana’s ECF ***program***. We’ve made significant progress in ***program*** discussions, and we expect to reach understandings in all remaining issues in the coming days. The discussions are going to continue and as a result of these continuing discussions, a Board discussion to complete the fourth review probably won’t take place until late August. Again, Media Relations will get back to everyone on the exact timing. But it’s probably late August when Ghana’s fourth review will be taken up by the Executive Board.

Now, the question that was just posed was regarding a comment about extension of the ECF next year when it’s scheduled to expire. The President made it clear that he would like to move Ghana beyond aid. And successful completion of the IMF-supported ***program*** could be instrumental in achieving this goal by restoring macroeconomic stability in Ghana. A request for ***program*** extension is essential for our ability to complete the review of this ***program*** overall. And given the significant fiscal slippages from last year, it will also take longer to bring debt onto a clearly declining path, which explains the need for the ***program*** to cover performance into later next year. This was something that was outlined in a press release issued by the finance minister on July 18th.

Mozambique: the IMF’s Mr. Lazare, our mission chief, has said that, quote, “critical information gaps remain unaddressed regarding the use of loans, proceeds”, close quote. Please be more specific about what the IMF sees as the information gaps, and how they can be filled, with what information and in what detail?

First of all, we welcomed and continue to welcome the fact that the delivery of an international forensic audit on three companies to the office of the public prosecutor of Mozambique has taken place. We commend Mozambique public prosecutor for undertaking this important audit and for releasing the summary of the report. Transparency and good governance are key conditions for sustainable, inclusive growth, and that applies to all countries. Now we look forward to the publication of the entire audit report in due course. At that point, we will be able to provide an informed view on the audit and its implications.

Questioner: I just wanted to follow up on that. So the audit found that about a quarter of the money still remains unaccounted for. Do they need to track down the rest of that before the IMF can even start talking about reengaging with Mozambique?

Mr. Murray: I’m not sure of your characterization. There’s unaccounted for and undocumented issues. I’m not sure it’s that category. But one of our main conditions is that we want to see full publication of this audit report for transparency. And as it stands right now, the report has only been partially published.

Questioner: Does there need to be more auditing done to do this more adequate, as far as you can?

Mr. Murray: Don’t forget that we stated at the time when the summary was published -- that was back in June -- that publication of documents constituted an important step toward greater transparency regarding loans amounting to $2 billion by these three public companies. The report provides useful information on how the loans were contracted and on the assets purchased by the companies. However, there are information gaps, in particular on the use of the loan proceeds. We want to see those information gaps closed.

Let me turn now to a question by Interfax on Ukraine. The prime minister said that the Ukraine would discuss with the IMF land reform and possibly remove this issue from the ***program***. Could you clarify whether this has already been expressed by the authorities, and where we are as regards the fourth review of the ***program***?

Thanks for that question. Let’s turn to the review. Consideration by the Executive Board of the fourth review will be possible once the policies needed for this review are implemented. The focus of this review is on pension reform and on measures to speed up privatization and ensure concrete results in anti-corruption efforts. It’s equally important that the ***program*** remain on track and fiscal and energy sector policies remain consistent with ***program*** commitments.

Land reform remains an important condition under the ***program***, however, given the need to design the reform well and reach consensus on key steps ahead, there was a need to reset its timing to later in the year. In the meantime, it’s important that authorities move ahead in the coming months with necessary preparatory work and the timely implementation of an appropriate land reform that has the potential to transform Ukraine’s ***agricultural*** sector.

We’re getting a lot of online questions. I’m going to take more of those right now and then turn back to the room before we conclude. Belarus and the IMF have been negotiating the ***program*** for two years. What is the present status of these negotiations, are they stopped, suspended? Can there be a moment when it becomes obvious that documents ***produced*** over this time have become out of date and all the work should be started anew?

It’s correct. There’s been negotiations toward a three year EFF with Belarus. There was a staff visit as recently as June -- just to discuss recent economic developments and advance preparations for an upcoming Article IV. Discussions toward a ***program*** are on hold pending clarity on whether there is high level support in Belarus for policies, particularly in the state-owned enterprises and utility sectors. Our next mission, as I indicated earlier, to Belarus, will be to conduct an Article IV consultation, which is currently scheduled for late October.

We’ve got another question, and I think it’s going to be my last question online. It’s on Zimbabwe. The IMF Board in its assessment critiqued the country’s support ***programs*** to ***agriculture***, calling for a cost-effective and well-targeted approach. What funding model do you suggest to return Zimbabwe to a breadbasket of the region?

Let me just recap briefly. We concluded the Article IV consultation on July 5 and issued a press release around that time. The main finding regarding Zimbabwe is that growth in 2017 will be boosted by the bumper harvest due to exceptional rainfall. The challenge really is to sustain growth in Zimbabwe. This will require timely action to reduce the deficit to a sustainable level and reforms to attract investment. Excessive government spending, if continued, could exacerbate a cash scarcity, further jeopardize the external and financial sectors, and ultimately fuel inflation in Zimbabwe.

Another key finding of the Article IV consultation was that a policy action is needed to reduce the deficit, accelerate structural reforms and for Zimbabwe to reengage with the international community to access much needed financial support.

All of the elements of this approach are essential and without adjustment reform and reengagement, Zimbabwe will have difficulty addressing its structural issues.

In terms of the funding model that you asked about and the breadbasket concept, we focus on the fiscal implications of the ***agriculture*** ***program*** in Zimbabwe. Our analysis suggests that the current design of the ***program*** creates significant fiscal risks and overall effectiveness could be improved by ensuring that the beneficiaries are those most in need. There are also organizations better placed than the IMF to advise on broader structuring and financing of the ***agricultural*** sector. So, I would refer you to those various organizations, and I’m sure you’re familiar with those in Zimbabwe and elsewhere.

Questioner: The first question I have is that Gerry Rice told us that Madame Lagarde received an invitation from the government to go to Athens. Do you have any updates on that?

Mr. Murray: I recall your question about that but I don’t have anything fresh to offer.

Questioner: Can you find out?

Mr. Murray: Sure, we’ll follow up.

Questioner: The other thing: I see there are many reports that say that the Europeans are extremely angry with the IMF and the way you move behind everybody’s backs. This is what they are saying, and they are saying about this ceiling. What actually they say is that the IMF staff changed the wording in the agreement with the Greek government and replaced the ceiling on the overall stock of government debt. From what I understand from my colleagues, the Europeans are very angry with you. Do you want to comment on that?

Mr. Murray: I have nothing to offer you on that, thanks for asking. Again, just a reminder to recap, there will be a Board meeting this afternoon here at the IMF on the latest ***program*** with Greece. Media Relations will be actively reaching out to all of you that are interested in the Greece ***program*** to advise on timing. I expect it to be much later in the day, obviously for ***planning*** purposes. Last question.

Questioner: Just a quick technical question. I think you mentioned U.S Article IV, but I thought the U.S Article IV was already done. Is this the full report?

Mr. Murray: Correct. A few weeks ago, you had the concluding mission statement. There was a press conference here at IMF headquarters by Alejandro Werner, Nigel Chalk, Stephan Danninger, the Western Hemisphere Department staff, where they walked you through the concluding mission statement. The Board will now be reviewing the full staff report on the U.S economy, so there will be much more detail. That’s what that will be -- the staff report itself. I believe July 24 is the Board date. We have to so the summing up -- the Board views are summarized, so again, Media Relations is going to have to reconfirm this date because it is predicated on the completing of the summing up. I think the U.S report will be out by July 27 or thereabouts.

This wraps up our latest press briefing. Again, it’s under embargo for roughly another 15 minutes. That’s 10:30 a.m Washington time. We will not be holding another briefing until after the Executive Board recess, which concludes in mid-August. Thank you very much, and I look forward to seeing you again.

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**End of Document**



[***MAGNIT PJSC: Launch of Share Sale***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PYH-W4V1-F0CC-S24X-00000-00&context=1516831)

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**Body**

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MAGNIT PJSC (MGNT)

MAGNIT PJSC: Launch of Share Sale

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Press-release

Krasnodar

November 14, 2017

Launch of Share Sale

PJSC "Magnit" ("Magnit" or the "Company"; MOEX and LSE ticker: MGNT), one of

Russia's leading retailers, informs that its shareholder Lavreno Limited

(the "Selling Shareholder") has initiated the process for the sale of

approximately $ 700 million worth of ordinary shares of the Company owned by

it (the "Sale") in the form of local Ruble denominated shares. It is

intended that after the Sale the Company will increase its share capital

through an offering of newly issued shares (the "New Shares") in an open

subscription (the "Open Subscription"). Subject to availability of necessary

quantity of the New Shares after the exercise of the pre-emptive rights by

other shareholders, the Selling Shareholder intends to use all of the

proceeds from the Sale to purchase the New Shares and has indicated the

intention to purchase an additional 250,000 of New Shares from Magnit. The

Company intends to use the proceeds from the additional share issue to

finance its store roll-out ***program***, store renovation ***program*** and vertical

integration ***program***. Portion of the proceeds may be also used by the Company

to optimise net indebtedness position, in line with Company's overall

conservative balance sheet strategy and to finance its current operating

activities.

In connection with the Sale, shares in the Company are being offered by way

of an accelerated bookbuild (the "Bookbuild"), which will be launched

immediately following this announcement. Merrill Lynch International and VTB

Capital plc (the "Joint Global Coordinators" and the "Joint Bookrunners")

are acting as joint global coordinators and joint bookrunners in connection

with the Sale.

The shares offered in the Sale ("Sale Shares") will be placed under the

Bookbuild with international institutional investors in accordance with

Regulation S of the US Securities Act of 1933, as amended (the "US

Securities Act"), and to qualified institutional buyers in the US in

accordance with Rule 144A of the US Securities Act. The Ruble price per

share, the final number of shares sold, and allocations will be determined

following completion of the Bookbuild.

Based on information available to the Company, the Selling Shareholder will

acquire the Sale Shares from Mr. Sergey N. Galitskiy (Chief Executive

Officer and shareholder of the Company) under a repo transaction with the

Company's obligation to sell back to Sergey N. Galitskiy after a designated

period.

In connection with the Sale, each of the Company, Mr. Sergey N. Galitskiy

and the Selling Shareholder have agreed to lock-up arrangements on customary

terms for 90 days following the completion of the Sale (subject to customary

exceptions and with the prior consent of the Joint Global Coordinators).

Mr. Sergey N. Galitskiy has also made clear his intention to remain a

long-term ***strategic*** investor in the Company.

Primary Capital Raise by the Company

It is intended that the Sale will be followed by an increase in the

Company's share capital through an offering of the New Shares (together with

the Sale Shares, the "Shares") in the Open Subscription. The Open

Subscription is expected to be approved by the Board of Directors of the

Company immediately after the Sale, and the offering price of the New Shares

is expected to be set at the same level as the price of the Sale Shares. The

Company understands that, subject to availability of necessary quantity of

the New Shares after the exercise of the pre-emptive rights by other

shareholders, the Selling Shareholder intends to use all of the proceeds

from the Sale to purchase the New Shares and has indicated intention to

purchase an additional 250,000 of New Shares from Magnit. Mr. Sergey N.

Galitskiy has informed the Company that he does not intend to exercise his

pre-emptive rights to subscribe for any New Shares.

The Company intends to use the proceeds from the Open Subscription to invest

into store roll-out ***program*** and vertical integration ***program***.

? Store roll-out (approximately 60% of the proceeds). The Company's

guidance for 2017 implies net openings of 2,000+ convenience stores, 21

hypermarkets and Magnit family stores as well as 670 cosmetics stores. The

Company's management ***plans*** to maintain high pace of expansion in 2018. The

Company intends to use approximately 25% of the proceeds to open

convenience stores and approximately 15% of the proceeds to open cosmetics

stores. In addition, the Company is currently in active stage of store

renovation ***program*** with total of up to 2,200 units ***planned*** for renovation

in 2017 and substantial pipeline afterwards. Renovated stores aim to

demonstrate up to 10% sales growth on average.

? Vertical integration (approximately 40% of the proceeds). The Company

has also developed and approved its mid-term strategy with regards to

vertical integration, assuming total estimated investment of up to RUB

80bn within next three years. The strategy is focused on further

development of ***agricultural*** and in-house production clusters in the

Krasnodar, Tver and Toliatti regions.

? In ***agriculture***, the Company ***plans*** to increase production capacity within

existing categories of fresh ***produce*** and also launch construction of the

second greenhouse complex in 2018 to grow tomatoes and other greenhouse

vegetables. The target payback period for ***agricultural*** investments is up to

7 years. The Company intends to use approximately 15% of the proceeds for

this area.

? The core project within in-house production is the 'Industrial Park

Krasnodar', which is to specialize on production of a wide assortment of

food products (incl. among others, mushroom compost, pasta, flour

confectionary, sweets and candies, frozen prepared foods, ice-cream, frozen

vegetables and fruits, juices, baby food, canned food, cheese, butter, fish

products, snacks, pet food) as well as non-food goods (incl. among others,

hygiene, cosmetics and household products). The total investment in the

'Industrial Park Krasnodar' is estimated at up to RUB 40bn and the targeted

payback period for in-house production investments is up to 4-5 years. The

Company intends to use approximately 25% of the proceeds for investments in

'Industrial Park Krasnodar'.

? - The Company is aiming for substantial positive impact from vertical

integration initiatives, once the current and ***planned*** projects are fully

invested and reach appropriate capacity levels. Long term positive impact on

net income profitability may reach up to 100-150 bp.

A portion of the proceeds may also be used to optimise net indebtedness

position, in line with Company's overall conservative balance sheet strategy

and to finance its current operating activities.

The Joint Global Coordinators and Joint Bookrunners are acting for the

Selling Shareholder in connection with the Sale and are not acting for the

Company, the Selling Shareholder or any other person in any capacity in

connection with the Open Subscription.

For further information, please contact:

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Company description:

Public Joint Stock Company "Magnit" is one of Russia's leading retailers.

Founded in 1994, the company is headquartered in the southern Russian city

of Krasnodar. As of September 30, 2017, Magnit operated 36 distribution

centers and 15,697 stores (11,743 convenience, 432 hypermarkets and 3,522

cosmetics stores) in 2,664 cities and towns throughout 7 federal regions of

the Russian Federation.

In accordance with the reviewed IFRS consolidated financial statements for

1H 2017, Magnit had revenues of RUB 555 billion and an EBITDA of RUB 49

billion. Magnit's local shares are traded on the Moscow Exchange (MOEX:

MGNT) and its GDRs on the London Stock Exchange (LSE: MGNT) and it has a

credit rating from Standard & Poor's of BB+. Measured by market

capitalization, Magnit is one of the largest retailers in Europe.

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[***-DSM reports 2017 results - CEO statement***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RNF-W9N1-JD3Y-Y3X6-00000-00&context=1516831)

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**Body**

'We are delighted to report again an excellent year, as we significantly exceeded our Strategy 2018 targets for EBITDA, ROCE and organic sales growth.

Our focus on driving above market growth while relentlessly pursuing efficiency initiatives and maintaining capital discipline continues to ***produce*** very good results in both Nutrition and Materials.

Our success comes from the ability to deliver sustainable, innovative solutions to meet our customers' demand and help them to address end-market needs. Furthermore, we have taken next steps in embedding the organizational agility and culture that we seek within our company. We are firmly on track with our cost-reduction and efficiency improvement ***programs***. In addition, we successfully divested our share in Patheon ahead of schedule, creating significant value. With all of these developments ahead of ***plan*** we brought forward our regular ***strategic*** review process for the period beyond 2018.

We remain relentlessly focused on improving our operational and financial performance through our growth initiatives and by completing the final stage of our improvement ***programs***. These actions should allow us to continue our above-market growth and further improve our financial returns and capital efficiency. We expect to deliver above our Strategy 2018 targets in 2018.'

Outlook 2018

DSM expects to deliver full-year 2018 results above the targets set in Strategy 2018, with an Adjusted EBITDA growth somewhat up from high single-digit to double-digit and a ROCE growth above 100 basis points. The expected substantial negative foreign exchange effects, based on current rates, will be more than offset by a positive pricing environment in Nutrition, part of which is temporary in nature and expected to be heavily weighted towards the first half of the year.

Q4 Highlights

DSM reports another strong quarter

Sales up 8% to EUR2,176m, with 12% organic growth, driven by volumes and prices

Adjusted EBITDA up 14% to EUR359m

Nutrition: 13% organic sales growth; Adjusted EBITDA up 12%

Materials: 5% volume growth; Adjusted EBITDA up 13% Strategy 2018: Driving Profitable Growth Stepping up DSM's financial performance

DSM's Strategy 2018: Driving Profitable Growth is focused on ensuring that the potential of the business portfolio that has been created over recent years is translated into improved financial results. Reflecting its disciplined focus on performance, DSM has implemented a three-year ***strategic*** period with two headline financial targets: high single-digit percentage annual Adjusted EBITDA growth and high double-digit basis point annual ROCE growth.

DSM has defined clear actions to achieve its targets, including outpacing market growth, cost reduction and efficiency improvement ***programs*** and making a continuous push for consistent improvements in capital efficiency.

Outpaced market growth

DSM has outpaced market growth in 2016 and in 2017 delivering strong organic growth in both Nutrition and Materials, growing at rates around double the markets it operates in. DSM continued to leverage its innovation capabilities together with market insights and close customer relationships to accelerate growth for its solutions in its key segments and to develop and open new segments. DSM also took further steps on promising innovation projects for future growth with a wider societal impact, such as Clean Cow, Green Ocean (now called Veramaris), Stevia and Niaga. Sales to High Growth Economies increased in line with the higher sales in 2017. It remained stable at 44% of total sales, in line with our aspirations, providing a well-balanced geographical spread of our sales. Sales to China increased from 12% to 13% of total sales.

Cost-reduction and improvement ***programs***

DSM has instigated extensive cost-reduction and improvement ***programs*** which were targeted to deliver EUR250-300 million versus the 2014 baseline. In 2017, all of these well-identified ***programs*** progressed as ***planned*** and the ***programs*** are on track to deliver the targeted benefits. DSM achieved run-rate cumulative cost savings of about EUR195 million at the end of 2017. We expect to achieve run-rate cumulative savings of between EUR270 million and EUR280 million for the total ***program*** at the end of 2018. The 2017 one-time costs related to the improvement ***programs*** amount to EUR60 million with roughly EUR30 million to go in 2018 to complete the ***program***. In support of our targets, we adjusted our global organizational and operating model to create a more agile, commercially focused and cost-efficient company.

Additional actions underpinning Strategy 2018

Besides stepping up the financial performance of DSM's businesses, Strategy 2018 comprises additional elements aimed at future-proofing the company, providing a sustainable basis for long-term value creation for all its stakeholders.

For DSM, sustainability is a core value as well as a key business driver. Our growth platforms are addressing important societal trends and have in particular strong alignment with 5 of the 17 United Nations Sustainable Development Goals (SDG's also referred to as global goals), which together in fact set out the strategy for the world. In doing so, DSM focuses on delivering science-based, sustainable and scalable solutions that not only help address challenges the world faces but also positively impact the value chain. These 'Brighter Living Solutions' offer higher growth rates and better margins.

DSM continued to make good progress toward its sustainability aspirations in 2017: The 'Brighter Living Solutions' amounted to 62% of sales, on track towards our ambitious aspirations.

DSM's drive to improve its environmental efficiency is on track, with further improvements in both greenhouse-gas efficiency (26% versus 2008) and energy efficiency (3% versus 2015) in 2017.

The company now sources about a fifth of its purchased electricity from renewable sources and is on track to reach its goal of 50% by 2025.

Employee engagement jumped from 71% to 75% according to the Employee Engagement Index, which indicates how our employees feel in terms of commitment, pride, advocacy, and satisfaction.

The Frequency Index of all DSM Recordable Injuries increased from 0.33 to 0.36, due to a relative increase in the number of incidents in the first months of 2017. This increase and a fatal incident in the latter part of the year stresses the paramount importance of continued safety ***programs*** as we aspire to be an incident-free company.

Many of the above-mentioned achievements are being recognized externally as well, resulting in leading positions in, amongst others, CDP, Dow Jones Sustainability Index (DJSI) and Sustainalytics.

DSM has adjusted its global organization and operating model to support the company's growth and to create a more agile, commercially-focused and cost-efficient business. Actions such as the implementation of new more globally leveraged target operating models in ICT, Finance, HR, Indirect Sourcing, Communication and Legal are all completed. The emphasis at this stage is above all on ensuring that cost savings, as well as the new way of working are anchored in the organization and in supporting mindset and behaviors.

Talent management and development is a further ***strategic*** cornerstone. DSM continued to invest in its talent pipeline to ensure it can sustainably address future challenges and demands. It also finalized the roll-out of a new learning and development ***program*** called Lead & Grow for all executives.

Inclusion & Diversity is an important enabler for a high-performing organization and DSM continues to strive to achieve a balanced and representative workforce. Today, more nationalities are represented across DSM and there is a better gender balance across different levels of our organization, including more women in executive positions (from 15% in 2016 to 17% in 2017). The composition of our Supervisory Board also reflects our desire to be more gender balanced, international, inclusive and diverse.

DSM monetized the partnership established for its former pharma activities with the sale of its remaining stake in Patheon to Thermo Fisher Scientific Inc., realizing over recent years total proceeds of approximately EUR2 billion, of which EUR1.5 billion in 2017 with a gain on disposal of EUR1,250 million.

DSM strengthened its portfolio through smaller acquisitions. Key highlights include: Twilmij: acquisition of a Dutch feed premix company

UP4 brand: acquisition in probiotics for consumer health

Inner Mongolia Rainbow Biotechnology: acquisition of a majority stake in hydrocolloid for human nutrition

BioCare: acquisition in probiotics for consumer health

Amyris: acquisition of Amyris' production facility in Brazil for bio-based farnesene Furthermore, DSM made an equity investment in Amyris and entered into a development arrangement for bio-based nutritional ingredients

Sunshine: acquisition of a solar photovoltaic (PV) backsheet technology

DSM is building for further sales and adjusted EBITDA growth beyond 2018 through Innovation. DSM made good progress. Innovation Sales were 21% against our ambitious aspiration of 20% and DSM further focused its innovation ***program*** on a smaller number of bigger projects providing interesting opportunities from 2019/2020 and onwards. Examples include:

The Clean Cow project; feed additives for reduced methane emissions in cattle

The Green Ocean partnership with Evonik (now called Veramaris) for algae-based omega-3 for sustainable aquaculture

The fermentative stevia sweetener platform

Plant-based proteins for human nutrition

Sustainable biological solutions for crop protection in ***agriculture***

Niaga Technology for fully-recyclable carpets

ForTii high-performance plastics

Dyneema carbon composites

Furthermore, DSM strengthened its innovation infrastructure through the establishment of two state-of-the-art R&D centers, one in Biotechnology and one in Materials Sciences.

Review by Cluster

Nutrition

Nutrition is outperforming its aspirations as outlined in Strategy 2018. The business continued its strong momentum, delivering clearly above market growth with an increasingly higher-value portfolio of feed and food solutions. The nutrition improvement ***programs***, covering cost reductions, operational and sales excellence, continued to underpin ongoing progress.

Full year 2017 sales increased by 8% organically when compared to 2016, led by volumes up 7% and prices up 1%. The successful implementation of the growth initiatives continued to drive organic growth, both in Animal Nutrition and Human Nutrition, clearly outpacing market growth.

Full year 2017 Adjusted EBITDA was EUR1,053 million, up 13% driven by organic sales growth in combination with the impact of the cost savings and efficiency improvement ***programs***. This increase in Adjusted EBITDA equals the very strong 2016, when Adjusted EBITDA also grew by 13%. The Adjusted EBITDA margin of 18.9% further improved in 2017 compared with 18.0% in 2016.

Q4 2017 sales were 8% up on prior year with 13% organic growth partly offset by a 6% negative currency effect. The 9% higher volumes were driven by good growth in all businesses with an exceptionally strong performance in Animal Nutrition. The 4% price increase was largely the result of higher premix and vitamin prices.

Q4 2017 Adjusted EBITDA was up 12% compared to Q4 2016, driven by a combination of strong organic sales growth and the impact of improvement ***programs***. This increase was achieved despite a negative development in currencies. The Adjusted EBITDA margin was 18.7%, a solid increase versus 18.0% in Q4 2016.

Animal Nutrition & Health

Full year 2017 sales were exceptionally strong, with 11% organic growth, driven by 9% volume growth, albeit against an easy comparative base. The business continued to benefit from its strategy to address a wide range of species, as well as from its diversified geographical presence, covering all the major growth areas in the world, and its strong forward-integrated premix position. Markets in animal feed were favorable and supportive in 2017, except for Latin America, where weak economic conditions impacted domestic demand. Prices were 2% above 2016, owing to higher premix and vitamin prices.

Q4 2017 organic growth was exceptionally high at 18%. The reported 12% volume growth against an undemanding comparison base, resulted from a combination of very strong sales in Brazil, strong premix sales in all regions reflecting continued strong global demand, and higher vitamin sales. The high demand for the export beef markets in Brazil continued in Q4 2017. This was accentuated by additional sales in anticipation of an ERP system change in January 2018 at Tortuga. The supply shortages in vitamin E and vitamin A from outages at some large European ***producers*** have resulted in some additional deliveries to our existing -contracted- premix customers as well as emergency spot businesses with other accounts.

The reported 6% price effect resulted largely from a mix effect driven by the exceptionally strong premix and Tortuga sales. Towards the end of the quarter, DSM also benefitted from somewhat higher vitamin A and E prices for emergency spot business.

Human Nutrition & Health

Full year 2017 sales were up 6%, led by 7% organic growth. After a significant step-up in organic growth in 2016, the business maintained its positive momentum with 6% volume growth and a slightly positive price development, despite ongoing softness in some of its end-market segments. The growth initiatives we embarked on under Strategy 2018 resulted in this above market growth.

Food & beverage markets are being successfully addressed through tailored premixes and the business moving closer to regional and local customers. Growth in dietary supplements is driven by sales excellence ***programs***, the introduction of new multi-vitamins and omega-3 solutions and continued double-digit growth in i-Health which benefitted from the recent expansion into China. Overall, the business has moved closer to the consumer, with more than 40% of revenues coming from custom nutrient premixes, retail-ready solutions, and the i-Health consumer products. Early life nutrition remained a solid performer despite the volatility in China due to new regulations.

Overall, prices were stable, with higher prices for advanced formulations and premixes compensating for somewhat lower contractual prices in early life nutrition.

Q4 2017, showed strong organic growth driven by volumes (+5%) and price/mix (+4%). Volume growth continued to be good in all segments. The positive price effect resulted from a combination of a favorable mix of strong performance in premixes, early life nutrition and i-Health, and some benefits from higher prices for premix and advanced formulations. Vitamin C prices were positively impacted by supply restrictions due to the enforcement of environmental regulations in China, an event which in part could prove to be temporary.

Food Specialties

FY 2017 sales were up 1% versus 2016 with an organic growth of 3%, driven by a solid performance in hydrocolloids, savory ingredients, bio-preservation, food & crop protection, cultures and enzymes. The latter was hampered by some capacity constraints and therefore not able to fully benefit from strong demand. Initiatives to expand capacity and optimize supply are underway. Savory Ingredients had a strong year driven by strong demand for its portfolio of yeast extracts, process flavors, and taste modulators to provide an enjoyable taste experience in low-sugar, low-salt, and low-fat applications.

In 2018 DSM will re-evaluate its control assumption over Yantai Andre Pectin which could result in de-consolidation of the entity. The re-evaluation is triggered by recent developments around the refusal of the other shareholders to transfer their shares to DSM, despite an earlier agreement. In 2017 the consolidated sales were EUR47 million and Adjusted EBITDA was EUR17 million.

Personal Care & Aroma Ingredients

FY 2017 sales were up 5% versus 2016 with an organic growth of 6%, driven by good performance in all product lines (sun-, skin- and hair care, and aroma ingredients) supported by accelerated innovation and stronger customer relationships. Aroma ingredients had a very strong Q4 sales due to competitor supply outages.

Materials

Materials delivered another year of strong financial performance, continuing its excellent progress since the start of Strategy 2018. The 'silent transformation' of the materials portfolio through a differentiated approach focusing on specialty products, provides a clear framework to outpace market growth and supported the cluster's performance again in 2017. Growth continued to be driven by demand for more sustainable, innovative lightweight, environmentally friendlier, safer, and high-performing solutions.

Full year 2017 sales were up 12% versus the same period last year. Strong growth in specialties was the main driver behind the 13% organic growth, of which 7% was volume growth. The 6% price effect reflected increased input costs. All three businesses in Materials delivered a double-digit percentage organic growth.

DSM Engineering Plastics continued to successfully shift its portfolio toward higher-value, sustainable, specialty materials aimed at electrics & electronics and automotive applications, markets within which DSM has a strong position. DSM made good progress with its aim to further reduce its exposure to the polyamide-6 extrusion markets, by optimizing its US manufacturing footprint and by focusing on its captive specialty compounds and higher-end applications such as food packaging.

DSM Resins & Functional Materials continued to benefit from strong demand for non-solvent based coating solutions. Strong growth in powder and waterborne coating resins was driven by healthy demand in the global building and construction markets, as well as Chinese demand for environmentally-friendly waterborne coatings for maritime container coatings. The IP-protected functional materials once again delivered strong growth especially driven by the healthy demand for fiber-optic materials for 4G infrastructures.

DSM Dyneema delivered strong growth in personal protection and commercial marine markets in which Dyneema is well recognized for its innovative, unique, and patent-protected technologies.

Full year 2017 Adjusted EBITDA increased by 12% versus 2016, driven by higher volumes. The Adjusted EBITDA margin was stable at 17.3% as pricing and group-wide cost savings and efficiency improvement ***programs*** offset higher input costs and negative foreign currency effects. This robust financial performance demonstrates the improvements achieved in the quality of returns in Materials over recent years.

Q4 2017 sales were up 12% organically with 5% higher volumes and 7% higher prices, reflecting the increase in input costs. All three businesses delivered double-digit percentage organic growth in Q4 2017.

The powder coating resins plant in Augusta (US) remained closed in Q4 because of the tragic accident at the end of September 2017. Nevertheless, owing to its global manufacturing footprint, DSM's US customers continued to be supplied. DSM expects the Augusta plant to start up again at the end of Q1 2018.

Q4 2017 Adjusted EBITDA was up 13% compared to Q4 2016, driven by good volume growth and efficiency improvements and despite weaker currencies as well as higher input costs during the quarter, causing some margin pressure in our resins business. The Adjusted EBITDA margin was 17.2%, versus 16.4% in Q4 2016, as the effects of negative currency effects and higher raw materials costs, were offset by higher prices and cost savings.

Innovation Center

The Innovation Center made good progress over the year delivering on its Strategy 2018 goals to extract value from the Emerging Business Areas, the acceleration of large innovation projects, while simultaneously supporting the Nutrition and Materials business with their growth initiatives.

Full year 2017 sales in the main Emerging Business Area DSM Biomedical showed a strong underlying growth, largely offsetting the gradual discontinuation of a large contract during the year. DSM Advanced Solar delivered good growth in antireflective coatings and through the new backsheet activities for solar panels which were added in 2017 through the Sunshine acquisition.

The full year 2017 Adjusted EBITDA increase was largely driven by one-time positive effects from restructurings in DSM Advanced Solar which had a positive EBITDA effect due to releases of acquisition related liabilities, whereas the redundancy of certain assets related to these restructurings led to an impairment loss impacting the EBIT negatively.

Corporate Activities

Full year 2017 Adjusted EBITDA stayed in line with last year mainly as a result of the contribution of the cost savings ***programs*** being offset by the impact of the Augusta incident on DSM's captive insurance company.

Joint Ventures and Associates

Financial overview of DSM's key joint ventures and associates

DSM Sinochem Pharmaceuticals (50% DSM) - continued to deliver strong growth over the year as its sustainability-driven antibiotics platforms are increasingly valued by the market. Sales growth was partly offset by negative foreign currency effects. Q4 was a strong quarter.

ChemicaInvest (35% DSM) - showed a very good financial recovery driven by favorable conditions in the caprolactam market combined with an improved cost structure and lean operational management. Lower sales in Q4 2017 compared to Q4 2016 were due to the closure of the caprolactam plant in the US.

Net result contribution of joint ventures / associates

The following APM adjustments were included in the full year 2017 result of joint ventures and associates:

On 29 August 2017, the shares in Patheon N.V. were sold to Thermo Fisher Scientific Inc. resulting in a book profit of EUR1,250 million.

Over the year, DSM made other various APM adjustments of EUR92 million, mostly related to impairments of assets of associates, including POET-DSM for EUR65 million.

Cash Flow, Capital Expenditures and Financing

Cash flow from operating activities amounted to EUR996 million for the year 2017, which was slightly below the comparative period in 2016. Cash-wise, the OWC increased by EUR195 million reflecting strong organic growth. This negatively impacted the cashflow. In absolute terms OWC was stable in 2017 as the increase of OWC related to organic growth (9%) was largely compensated by the weakening of mainly USD and CHF. The OWC percentage improved from 23.9% end of 2016 to 22.3% end of year 2017.

Total Working Capital amounted to EUR1,499 million at the end of 2017 compared to EUR1,481 million at the end of 2016. Working capital as a percentage of sales amounted to 17.2%, being an improvement of 1.2% compared to year-end 2016 and well below our aspiration of lower than 20%.

Net debt was EUR742 million compared to EUR2,070 million end of 2016. The decrease of EUR1,328 million was mainly due to the proceeds from the sale of Patheon shares in total of EUR1,535 million.

The reported effective tax rate was 16.8% over Adjusted taxable result 2017 (2016: 18.3%). This decrease was mainly caused by a one-time benefit from the US tax reform. As from 2018, this tax reform, being a combination of a decreased US federal tax rate from 35% to 21% and a broadening of the tax base, will have a net positive effect of approximately 1%. Overall however, the Group effective tax rate is expected to remain within the 18-20% range.

Proposed dividend

DSM's dividend policy is to provide a stable and preferably rising dividend. Reflecting its confidence in the financial performance of the company, DSM proposes to increase the dividend from EUR1.75 to EUR1.85 per ordinary share for 2017. This will be proposed to the Annual General Meeting of Shareholders to be held on 9 May 2018. An interim dividend of EUR0.58 per ordinary share having been paid in August 2017, the final dividend payment would then amount to EUR1.27 per ordinary share.

The dividend will be payable in cash or in the form of ordinary shares at the option of the shareholder, with a maximum of 40% of the dividend amount available for stock dividend. If more than 40% of the dividend is requested by the shareholders to be paid in shares, those shareholders who have chosen to receive their dividend in shares will receive their stock dividend on a pro-rata basis, the remainder being paid out in cash. Dividend in cash will be paid after deduction of 15% Dutch withholding tax. The ex-dividend date is 11 May 2018.

Overview of Alternative Performance Measures (APM) adjustments to EBIT(DA)

In presenting and discussing DSM's financial position, operating results and cash flows, management uses certain alternative performance measures not defined by IFRS. These alternative performance measures should not be viewed in isolation as alternatives to the equivalent IFRS measures and should be used as supplementary information in conjunction with the most directly comparable IFRS measures. Alternative performance measures do not have standardized meaning under IFRS and therefore, may not be comparable to similar measures presented by other companies. For DSM, the most important APM is the application of APM adjustments to the IFRS measures to provide clear reporting on the underlying business developments.

APM adjustments full year 2017

Nutrition: EBITDA adjustments amounted to -EUR31 million of which -EUR19 million relating to the profit improvement ***programs***, -EUR9 million site-closure costs and -EUR3 million acquisition related costs. EBIT adjustments amounted to -EUR42 million including -EUR11 million asset impairment.

Materials: EBITDA adjustments amounted to -EUR2 million of which -EUR3 million relating to site closure costs and +EUR1 million relating to the release of a litigation provision. EBIT adjustments amounted to +EUR7 million including +EUR9 million reversal of an asset impairment.

Innovation Center: EBITDA adjustments amounted to zero as +EUR1 million relating to the release of a restructuring provision was offset by -EUR1 million acquisition costs. EBIT adjustments amounted to -EUR11 million including -EUR11 million asset impairment.

Corporate Activities: EBITDA adjustments amounted to -EUR64 million of which -EUR42 million related to restructuring ***programs***, -EUR15 million relating to a provision for demolition costs and -EUR7 million related to the spin-off of some research activities. EBIT adjustments amounted to -EUR65 million including -EUR1 million asset impairment.

APM adjustments Q4 2017:

Nutrition: EBITDA adjustments amounted to -EUR17 million of which -EUR5 million relating to the profit improvement ***programs***, -EUR3 million acquisition related costs and -EUR9 million site closure costs. EBIT adjustments amounted to -EUR24 million including -EUR7 million asset impairment.

Materials: EBITDA adjustments amounted to -EUR3 million relating to site closure costs. EBIT adjustments amounted to +EUR6 million including +EUR9 million reversal of an asset impairment.

Corporate Activities: EBITDA adjustments amounted to -EUR23 million (EBIT -EUR23 million) of which -EUR15 million relating to a provision for demolition costs and -EUR8 million related to restructuring ***programs***.

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[***Register of Commission documents:2010) 9371 of 17 December 2010 adopting the Cross–border programme the former Yugoslav Republic of Macedonia – Kosovo" under the IPA-Cross–border Co–operation component, for the years 2010–2011, last amended by Commission Implementing Decision C(2012)8623 of 26 November 2012 Document date: 2017-08-01 COM-AC\_DR(2017)D052263-02 Comitology - Right of scrutiny***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PPC-1X01-F0YC-N443-00000-00&context=1516831)

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**Body**

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ANNEX I

FINANCING PROPOSAL FOR THE YEARS 2012 and 2013 of the Cross-border ***Programme*** the former Yugoslav Republic of Macedonia - Kosovo\*

* Identification

\*              This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ            Opinion on the Kosovo Declaration of Independence

|  |  |
| --- | --- |
| Beneficiaries | the former Yugoslav Republic of Macedonia and Kosovo |
| CRIS number | the former Yugoslav Republic of Macedonia: 2012/23-656; 2013/23-659 Kosovo: 2012/23-773; 2013/23-777 |
| Years | 2012 and 2013 |
| Cost | 2012: the former Yugoslav Republic of Macedonia: EUR 600,000; Kosovo: EUR 600,000 Total value of the IPA contribution: EUR 1.2 million 2013: the former Yugoslav Republic of Macedonia: EUR 600,000; Kosovo: EUR  600,000 Total value of the IPA contribution: EUR 1.2 million |
| Operating structures | In the former Yugoslav Republic of Macedonia: the Ministry of Local Self Government In Kosovo: the Ministry of Local Government Administration |
| Contracting Authority / Implementing Agency | European Commission (EU Office in Kosovo is the single contracting authority for all 2013 allocations) |

|  |  |
| --- | --- |
| Final date for concluding the Financing Agreements: | For the 2012 funds: at the latest by 31 December 2013 For the 2013 funds: at the latest by 31 December 2014 |
| Final date for contracting | 3 years following the date of conclusion of each Financing Agreement. No deadline for audit and evaluation projects covered by this Financing Agreement, as referred to in Article 166(2) of the Financial Regulation These dates apply also to the national co-financing. |
| Final date for execution | 2 years following the end date for contracting for each Financing Agreement These dates apply also to the national co-financing. |
| Sector Code | 15150, 15130, 15112, 41010, 25010, 33210, 99810 |
| Budget lines concerned | 22.020401 |
| ***Programming*** Task Managers | NEAR Unit D3 the former Yugoslav Republic of Macedonia, Kosovo |
| Implementation Task Managers | For the former Yugoslav Republic of Macedonia: EU Delegation, Operations Section For Kosovo: European Union Office, Operations Section |

* Summary

2.1 Introduction 2.1.1 Link with the MIPD

The ***programme***’s ***strategic*** reference is the Multi-annual Indicative ***Planning*** Document (MIPD) 2011–2013 for the IPA Cross -border cooperation component[1]. As the MIPD outlines, assistance to Cross-border cooperation under IPA Component II aims at fostering good relations between regions and countries.

The aim of IPA assistance under Component II should be to develop local administrative and project management capacity in both partners' border regions and to identify a pipeline of local development projects. Besides, given the candidate status of the former Yugoslav Republic of Macedonia, cross-border cooperation (CBC) is aimed inter alia at familiarizing future Member States with rules and procedures governing the European Territorial Cooperation objective under Structural Funds. It, most of all, concentrates on creating closer links between border regions, supporting joint environmental protection activities and improving the potentials for tourism.

In the case of Kosovo, cross-border cooperation represents in general not only an opportunity for economic and social development but also provides for an important basis for reconciliation in the context of its European perspective. 2.1.2 ***Programming*** process

After mutual recognition of the border demarcation between the former Yugoslav Republic of Macedonia and Kosovo in 2009, the ***programming*** process took place between January and April 2010, supported by the Cross-border Institution Building (CBIB) project and by the technical assistance for CBC in Kosovo, both funded by EU funds. It was coordinated by the respective IPA Cross-border coordinators, designated as the Operating Structures (OSs) for the ***programme*** in December 2009 (Ministry of Local Self Government in the former Yugoslav Republic of Macedonia and Ministry of Local Government Administration in Kosovo).

The different stages of the cross-border ***programme*** (situation and SWOT analyses, objectives and strategy and implementing provisions) were discussed during meetings organised in February and March 2010. These meetings were also attended by representatives from the European Commission. During this period, the Joint Task Force, responsible of drafting the ***programme***, met three times, twice in Pristina in March (approval of the eligible region, priorities and measures, and presentation of the SWOT analyses) and once in Skopje in April (approval of the final draft document).

A limited revision of the ***programme***, approved by the Joint Monitoring Committee, was undertaken in October 2011 in order to update financial allocations for the last two years.

  2.1.3 List of eligible areas and adjacent areas

The eligible area according to Article 88 of the IPA Implementing Regulation in the former Yugoslav Republic of Macedonia includes three statistical regions corresponding to NUTS III equivalent classification: Polog, Skopje and North East regions.

The eligible area in Kosovo includes two Economic Regions corresponding to NUTS III equivalent classification: the East and the South Economic Regions; as well as an adjacent area (Article 97 of the IPA Implementing Regulation): the Central Economic Region. 2.2 Global objective(s) of the ***programme***

The global objective of the ***programme*** is to promote cooperation between people, communities and institutions of the bordering areas, aiming to foster economic development, social cohesion and environmental development in a sustainable manner.

The following are the main specific objectives defined: facilitation of trade and economic valorisation of its tourist and cultural potentials; protection of the environment and promotion of sustainable natural resources development; citizens and communities' cooperation through partnership building across the border.

  2.3 Priority axis, the related measures and their specific aspects concerning the implementation of the 2012–2013 budget 2.3.1  Priority I: Economic and social development and promotion of natural and cultural resources

This priority is in line with regional and local development ***plans*** within the cross-border region and it concerns a large range of potential projects in various sectors reflecting the transversal nature of cross-border cooperation; it is deliberately open to the variety of stakeholders already involved or likely to develop new cross-border initiatives.

The protection and management of natural resources, as well as social issues related to poverty and unemployment, are considered to be major cross-border issues. More generally, this priority should allow the definition and implementation of people-to-people actions, thus fostering cross-border cooperation at the level of communities and civil society.

– Measure I.1: Sustainable economic, social and environmental development

Support for the protection, promotion and management of sensitive ecosystems and cultural heritage. This includes: sustainable management of the natural resources, improvement of the usage and maintenance of pasture areas, promotion and protection of the traditional food and agro-food products, as well as handicrafts. As a transversal objective, the measure also aims at facilitating trans-boundary business cooperation (i.e organisation of fairs, consumer studies, business-to-business events, etc.).

In order to facilitate trade and communications in the ***programming*** area, small–scale ***interventions*** improving the existing infrastructures, having concrete cross-border socio-economic or environmental impact are fully eligible. In that sense, both Operating Structures have decided to use the IPA 2013 allocation for a joint ***strategic*** project “Infrastructure project at the common crossing point Bellanocë/Belanovce (the former Yugoslav Republic of Macedonia)- – Stançiq/Stančić''   (Kosovo).”

The expected results of the ***strategic*** project are the following:

* Joint crossing point between Kosovo and the former Yugoslav Republic of Macedonia in Stançiq/Stančić – Bellanocë/Belanovce is operational.

1. Easier cooperation between people, communities and institutions of the bordering areas, aiming to foster economic development, trade facilitation, social cohesion and environmental development in a sustainable manner.

– Measure I.2: Social cohesion and people-to-people initiatives

Actions shall focus on the main strengths and weaknesses identified during the consultation process: unemployment and poverty in the ***programming*** area, need for increasing competitiveness and promotion of local/regional products, branding, marketing, necessity for a better organisation of farmers and industrial ***producers***, need to improve the education system at all levels, weakness of the Civil Society Organisations (CSOs) network in rural areas and limited cooperation between local authorities and CSOs, etc. It intends to build on current efforts of the local, national authorities, universities, entrepreneurs, professional associations and civil society in establishing joint policies, partnerships and pilot ***programmes***. It covers therefore a wide range of potential operations and intends to encourage further inter-municipal cooperation. 2.3.2 Priority II: Technical Assistance (TA)

TA funds (up to 10% of the EU contribution) will be used to support the activities of the two Operating Structures and of the Joint Monitoring Committee ensuring the efficient implementation, monitoring and evaluation of the ***programme***. This will be achieved through, inter alia, the establishment and operation of a Joint Technical Secretariat (JTS) to be located in Kumanovo the former Yugoslav Republic of Macedonia and its antenna to be located in Gjilan, Kosovo.

TA funds can cover the administrative and operational expenditures directly related to the implementation of the ***programme***.

These may include, inter alia, the following costs:

– Establishment and functioning of the Joint Technical Secretariat and its antenna, including rents, running costs, cost of staff with the exclusion of salaries of public officials);

– Expenses for participation in different meetings related to the implementation of the ***programme***;

– Costs of preparation, monitoring and evaluation of ***programmes***, appraisal and selection of operations, the organisation of meetings related to the ***programme***, translation, information and publicity costs.

This Priority will be implemented through two Measures

– Measure II.1: ***Programme*** administration, implementation, monitoring and evaluation

The specific objective of this Measure is the creation of the conditions for a timely and effective ***programme*** implementation, to guarantee the optimal and efficient use of resources. This Measure can provide support for the work of Operating Structures, the Joint Monitoring Committee, the Joint Technical Secretariat and its antenna as well as any other structure (e.g the Steering Committee) involved in the management and implementation of the ***programme***. The Measure may also support training to potential beneficiaries as well as the provision of expertise for monitoring and evaluations.

– Measure II.2: ***Programme*** information and publicity

The specific objective of this Measure is to ensure ***programme*** awareness amongst governmental, regional and local institutions and organisations and in general among the population in the ***programming*** area and in the whole of the former Yugoslav Republic of Macedonia and Kosovo in order to inform citizens about the ***programme***. 2.3.3 Tentative timetable and indicative amounts for the implementation of the Measures in Priority I and II

Measures under Priority axis I

For Priority I, under Measure I.1 a joint ***strategic*** project at the common crossing point Bellanocë/Belanovce – Stançiq/Stančić'' has been jointly identified by the partners, in accordance with Art. 95 of IPA Implementing Regulation, which shall be funded with the 2013 IPA allocation. The 2012 financial allocation, Measures I.1 and I.2 has been implemented through a joint call for proposals.

The essential selection and award criteria for services, supplies, works and grants should be those laid down in the practical guide (PRAG) to contract procedures for EU external actions.

The detailed selection and award criteria for the award of service, supply or works will be laid down in the Terms of Reference in case of a service contract and/or in the Technical Specifications in case of supplies and works contracts. It is tentatively foreseen to launch tenders for one service contract and one works contract for the joint ***strategic*** project (2013 funds) in the second half of 2017.

For Priority II, considering that for the implementation of the cross-border ***programme*** the Operating Structures in the former Yugoslav Republic of Macedonia and in Kosovo enjoy a monopoly situation (in the meaning of Art. 168(1)(c) of the Implementing Rules to the Financial Regulation[2]), the EU Delegation to the former Yugoslav Republic of Macedonia and the European Union Office (EUO) in Kosovo should establish individual direct grant agreements without call for proposals with the respective Operating Structures for the maximum amount provided under Priority II. In order to implement the activities covered by the direct grant agreement, the Operating Structures are allowed to sub–contracting (procurement of services or supplies) in accordance with Article 120 of the Financial Regulation[3] and Article 184 of the Implementing Rules to the Financial Regulation. The direct grant agreements can be signed as soon as the respective Financing Agreements have been concluded.

Close co-ordination between the two Operating Structures is required in order to efficiently use technical assistance funds.

  2.4 Overview of past and on-going CBC experience, including lessons learned and donor co-ordination

Intensified and successful cross-border cooperation of both the former Yugoslav Republic of Macedonia and Kosovo, between themselves as well as with their other neighbours is an important element of IPA assistance. Cross-border cooperation is needed to improve local economic development and to foster contacts between people in the bordering areas, involving local and regional authorities, as well as all the relevant stakeholders (socio-economic parties and civil society organisations).

Cooperation between the former Yugoslav Republic of Macedonia and Kosovo is already well developed in various sectors and involves different types of institutions and organisations, particularly in the educational sector, the civil society, inter-municipal cooperation established between the main municipalities under the umbrella of several institutions and donors (East West Institute, UNDP, USAID, OSCE, etc.), and in the private sector.

The cross-border cooperation dynamic between the former Yugoslav Republic of Macedonia and Kosovo is primarily based on the mutual recognition of the border demarcation which took place in 2009. There are obviously also very strong bonds between the populations of the two sides of the ***programming*** area, such as a common language for the Albanian speaking population and a common history of cultural and commercial exchanges that have linked these territories and their inhabitants for centuries.

Following the October 2009 Commissions Communication on Kosovo recommending to 'progressively activate the IPA cross-border co-operation component (component II) for Kosovo'[4], this CBC ***programme*** was approved in 2010. Another IPA CBC ***Programme*** between Albania and Kosovo was also prepared.

So far, the cross-border initiatives in the eligible area have been particularly concentrated on cooperation between the State and private universities in Tetovo, with the ones in Pristina. Partnerships agreements have been signed between the universities; exchange of academic staff is at a very high level; joint elaboration of teaching ***programmes*** and cooperation in various fields such as online teaching are ongoing and increasing.

***Agriculture*** is a very significant sector for the economy of the ***programming*** area, and the IPA Rural Development ***programme*** foresees to support the creation of Local Action Groups (LAGs). Already some exchanges and informal cooperation between LAGs on both sides of the border were initiated in 2009 (e.g in Kosovo, with the support of the EU, LAGs have been formally established in almost all municipalities in 2008 and 2009).

It is necessary to increase common understanding of the cross-border region’s economic opportunities and its potential for improving socio-economic situation for the population of the area.

Last but not least, this cross-border ***programme***, which was jointly drafted by the authorities of the former Yugoslav Republic of Macedonia and Kosovo during the first half of 2010 following an extensive consultation process with stakeholders on both sides, provides the basis for multi-annual ***programming*** and implementation of new initiatives.

  2.4.1 Lessons learned

Most of the cross-border initiatives in the region started only recently, making it somewhat premature to define “lessons learned”. However, the following points can be highlighted based on the experience gained under CARDS (in the former Yugoslav Republic of Macedonia) and the preparation of the new IPA ***programmes***:

– Establishing operational and sustainable cross-border partnerships will be a challenge for most of the beneficiaries. Specific support will certainly be required in order to facilitate the communication and the establishment of viable partnerships.

– Low capacity in project preparation of most of the final beneficiaries. This could impede the smooth implementation of the ***programme***, particularly in small municipalities where almost no similar initiative has been implemented and with limited contact to international or European ***programmes*** so far. Specific information and training of potential applicants is essential throughout the ***programme***.

– Many of the implemented projects (mainly CARDS) in the former Yugoslav Republic of Macedonia are focused on environment protection issues. These projects reflect the priorities defined by the national and regional institutions, providing for a sound embedding in local and national development priorities. However, it is important to strongly associate civil society and private sector. 2.4.2 Donor's coordination

The ongoing EU and other donors' initiatives active in the region, such as OSCE, UNDP, the East-West institute, the Swedish International Development Cooperation Agency (SIDA), the World Bank, have also been taken in consideration while drafting the ***programme***.

An 'Aid Management Platform' has been put into operation in Kosovo. This platform, which is being funded by the EU and USAID, has the full support of the Kosovo authorities and the donor community. The European Union Office in Kosovo plays an important role in ensuring donor coordination and aid effectiveness on the ground. It organises and chairs monthly meetings of the main donors at which the Ministry of European Integration participates. 2.5 Horizontal issues

The joint project proposals will have to fulfil the following criteria:

* benefit partners from both sides of the border;

1. support links between relevant institutions and organisations from both sides of the border;
2. encourage equal participation of women and marginalised groups;
3. meet particular needs of non majority ethnic groups;
4. be environmentally sustainable;
5. support good governance, with particular attention to fight against corruption

Project partners should establish agreed co-ordination mechanisms to synchronise the joint projects throughout their implementation. 2.6 Conditions

The successful implementation of the ***programme*** depends on timely and adequate staffing and functioning of the Operating Structures, Joint Monitoring Committee, and Joint Technical Secretariat and its antenna. Also, political commitment, good co-ordination and regular communication between Operating Structures and Contracting Authorities shall be established as soon as possible to facilitate the joint projects' preparation and implementation. 2.7 Benchmarks

|  |  |  |  |
| --- | --- | --- | --- |
| 2012 funds | N | N+1 | N+2 (cumulative) |
| Number of direct grant agreement (Priority II) in the former Yugoslav Republic of Macedonia | 0 | 1 | 1 |
| Number of direct grant agreement (Priority II) in Kosovo | 0 | 1 | 1 |
| Number of  joint calls for proposals launched | 0 | 1 | 1 |
| Contracting Rate (%) in the former Yugoslav Republic of Macedonia | 0 | 10 | 100 |
| Contracting Rate (%) in Kosovo | 0 | 10 | 100 |

'N' being the date of conclusion of the Financing Agreement

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2013 funds | N | N+1 | N+2 (cumulative) | N+3 (cumulative) |
| Number of direct grant agreement (Priority II) in the former Yugoslav Republic of Macedonia |  |  |  |  |
| Number of direct grant agreement (Priority II) in Kosovo |  |  |  |  |
| Number of tenders launched | 0 | 0 | 0 | 2 |
| Contracting Rate (%) for the ***strategic*** project | 0 | 0 | 0 | 100 |

'N' being the date of conclusion of the Financing Agreement

* Budget for 2012 and 2013

3.1 Indicative 2012 financial table for the former Yugoslav Republic of Macedonia

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | IPA EU contribution | National contribution | Total |  |  |  |
| EUR (a) | %(1) | EUR (b) | %(1) | EUR (c)=(a)+(b) | %(2) |  |
| Priority axis 1 | 540,000 | 85 | 95,294 | 15 | 635,294 | 90 |
| Priority axis 2 | 60,000 | 85 | 10,588 | 15 | 70,588 | 10 |
| TOTAL | 600,000 | 85 | 105,882 | 15 | 705,882 | 100 |

(1)         Expressed in % of the Total (IPA plus National contributions) (column (c))

(2)            Expressed in % of the grand total of column (c). It indicates the relative weight of the each priority with reference to the total funds (IPA + National)

  3.2 Indicative 2012 financial table for Kosovo

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | IPA EU contribution | Kosovo contribution | Total |  |  |  |
| EUR (a) | %(1) | EUR (b) | %(1) | EUR (c)=(a)+(b) | %(2) |  |
| Priority axis 1 | 540,000 | 85 | 95,294 | 15 | 635,294 | 90 |
| Priority axis 2 | 60,000 | 85 | 10 588 | 15 | 70,588 | 10 |
| TOTAL | 600,000 | 85 | 105 882 | 15 | 705,882 | 100 |

(1)         Expressed in % of the Total (IPA plus Beneficiary contributions) (column (c))

(2)            Expressed in % of the grand total of column (c). It indicates the relative weight of the each priority with reference to the total funds (IPA + Beneficiary) 3.3 Indicative 2013 financial table for the former Yugoslav Republic of Macedonia

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | IPA EU contribution | National contribution | Total |  |  |  |
| EUR (a) | %(1) | EUR (b) | %(1) | EUR (c)=(a)+(b) | %(2) |  |
| Priority axis 1 | 600,000 | 85 | 105,882 | 15 | 705,882 | 100 |
| TOTAL | 600,000 | 85 | 105,882 | 15 | 705,882 | 100 |

(1)         Expressed in % of the Total (IPA plus National contributions) (column (c))

(2)            Expressed in % of the grand total of column (c). It indicates the relative weight of the each priority with reference to the total funds (IPA + National) 3.4 Indicative 2013 financial table for Kosovo

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | IPA EU contribution | Kosovo contribution | Total |  |  |  |
| EUR (a) | %(1) | EUR (b) | %(1) | EUR (c)=(a)+(b) | %(2) |  |
| Priority axis 1 | 600,000 | 85 | 105,882 | 15 | 705,882 | 100 |
| TOTAL | 600,000 | 85 | 105,882 | 15 | 705,882 | 100 |

(1)         Expressed in % of the Total (IPA plus Beneficiary contributions) (column (c))

(2)            Expressed in % of the grand total of column (c). It indicates the relative weight of the each priority with reference to the total funds (IPA + Beneficiary) 3.5 Principle of co-financing applying to the projects funded under the ***programme***

The EU contribution has been calculated in relation to the eligible expenditure, which for the 'Cross–border ***programme*** the former Yugoslav Republic of Macedonia – Kosovo' is based on the total expenditure, as laid down in the cross–border ***programme***.

The EU contribution at the level of priority axis shall not exceed the ceiling of 85% of the eligible expenditure.

The EU contribution for each priority axis shall not be less than 20% of the eligible expenditures.

The provisions of Article 90 of the current IPA Implementing Regulation apply.

The co–financing under Priority axis I will be provided by public funds from the former Yugoslav Republic of Macedonia and Kosovo or, in case of grant, by final grant beneficiaries (in the latter case can come from public or private funds). The co–financing under Priority axis II (TA) will be provided by public funds from the former Yugoslav Republic of Macedonia and Kosovo.

* Implementation arrangements

4.1 Method of Implementation

This ***programme*** shall be implemented on a centralised basis by the European Commission in accordance with Article 53a of the Financial Regulation and the corresponding provisions of the Implementing Rules.

Under centralised management, the role of the Commission in the selection of operations under a cross–border ***programme*** is specified in Article 140 of the IPA Implementing Regulation. 4.2 General rules for Procurement and grant award procedures

Procurement shall follow the provisions of Part Two, Title IV of the Financial Regulation and Part Two, Title III, Chapter 3 of its Implementing Rules as well as the rules and procedures for service, supply and works contracts financed from the general budget of the European Communities for the purposes of cooperation with third countries adopted by the Commission on 24 May 2007 (C(2007)2034).

Grant award procedures shall follow the provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

Where appropriate, the Contracting Authorities should also use the standard templates and models facilitating the application of the above rules provided for in the “Practical Guide to contract procedures for EU external actions' (“Practical Guide”) as published on the EuropeAid website[5] at the date of the initiation of the procurement or grant award procedure.' 4.3 Environmental Impact Assessment and Nature Conservation

All investments shall be carried out in compliance with the relevant European Union environmental legislation.

The procedures for environmental impact assessment as set down in the EIA-Directive[6] apply to all investment projects under IPA. If the EIA Directive has not yet been fully transposed, the procedures should be similar to the ones established in the above-mentioned Directive.

If a project is likely to affect sites of nature conservation importance, an appropriate nature conservation assessment shall be made, equivalent to that provided for in Article 6 of the Habitats Directive[7].

* Monitoring and Evaluation

5.1 Monitoring

The implementation of the cross–border ***programme*** will be monitored by the joint monitoring committee referred to in Article 142 of the IPA Implementing Regulation, established by the participating beneficiary countries, which include representatives of the Commission.

In the former Yugoslav Republic of Macedonia and in Kosovo, the Commission may undertake any actions it deems necessary to monitor the ***programme*** concerned. 5.2 Evaluation

***Programmes*** shall be subject to evaluations in accordance with Article 141 of the IPA Implementing Regulation, with an aim to improve the quality, effectiveness and consistency of the assistance from European Union funds and the strategy and implementation of the cross–border ***programmes***.

* Audit, Financial Control, anti–fraud measures

The accounts and operations of all parties involved in the implementation of this ***programme***, as well as all contracts and agreements implementing this ***programme***, are subject to, on the one hand, the supervision and financial control by the Commission (including the European Anti-Fraud Office), which may carry out checks at its discretion, either by itself or through an outside auditor and, on the other hand, audits by the European Court of Auditors. This includes measures such as ex-ante verification of tendering and contracting carried out by the EU Delegation in the former Yugoslav Republic of Macedonia and the European Union Office to Kosovo.

In order to ensure the efficient protection of the financial interests of the European Union, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96[8].

The controls and audits described above are applicable to all contractors, subcontractors and grant beneficiaries who have received EU funds.

* Non Substantial Reallocation of Funds

The authorising officer by delegation (AOD), or the authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management, may undertake non substantial reallocations of funds without an amending financing decision being necessary. In this context, cumulative reallocations not exceeding 20% of the total amount allocated for the ***programme***, subject to a limit of EUR 4 million, shall not be considered substantial, provided that they do not affect the nature and objectives of the ***programme***. The IPA Committee shall be informed of the above reallocation of funds.

* Limited adjustments in the implemention of the ***programme***

Limited changes in the implementation of this ***programme*** affecting essential elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature[9], may be undertaken by the Commission's authorising officer by delegation (AOD), or by the Commission's authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management without an amending financing decision being necessary.

[1]               C(2011) 2727 of 26/04/2011

[2] Regulation (EC, Euratom) No 2342/2002 (OJ L 357, 31.12.2002, p.1)

[3] Regulation (EC, Euratom) No 1605/2002 (OJ L 248, 16.09.2002, p.1

[4]               Communication from the Commission to the European Parliament and the Council, Kosovo\* -

Fulfilling its European Perspective, COM(2009) 534 final of 14 October 2009, p. 14.

[5]               current address: [*http://ec.europa.eu/europeaid/work/procedures/implementation/practical\_guide/index\_en.htm*](http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm)

[6]               Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment (OJ L 175, 5.7.1985, p. 40).

[7]               Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L206, 22.7.1992).

[8]               Council Regulation (EC, Euratom) No 2185/96 (OJ L 292; 15.11.1996, p. 2)

[9]               These essential elements of an indicative nature are, for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.

**Load-Date:** October 12, 2017

**End of Document**



[***Proxy Advisor ISS Recommends CanniMed Shareholders Approve Acquistion of Up Cannabis***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RD4-JGT1-F0K1-N1C4-00000-00&context=1516831)

M&A Navigator

January 12, 2018 Friday

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**Length:** 508 words

**Body**

MANAVIGATOR-January 12, 2018-Proxy Advisor ISS Recommends CanniMed Shareholders Approve Acquistion of Up Cannabis

US-based proxy voting advisory firm Institutional Shareholder Services Inc. is recommending that shareholders of Canada-based international plant biopharmaceutical company CanniMed Therapeutics Inc. (TSX: CMED) vote in favour of the company's pending acquisition of licensed cannabis ***producer*** Newstrike Resources and its Up Cannabis Inc. holding , the company said.

Canada-based international plant biopharmaceutical company CanniMed Therapeutics Inc. (TSX: CMED) has agreed to acquire all outstanding shares of licensed cannabis ***producer*** Up Cannabis Inc., the company said.

The deal will be by way of a ***plan*** of arrangement pursuant to which each Newstrike shareholder will receive 0.033 CanniMed shares in exchange for each Newstrike share held.

Subsequent to closing of the arrangement, the current CanniMed shareholders will own in aggregate approximately 65% of the combined entity and the Newstrike shareholders will in aggregate own approximately 35% of the combined entity.

The arrangement agreement represents a consideration of approximately CDN 0.505 per Newstrike common share based on the closing price of CanniMed common shares on November 14, 2017.

Upon closing of the arrangement, Newstrike will become a wholly owned subsidiary of CanniMed.

CanniMed said this is a transformational acquisition for the company in the emerging recreational cannabis marketplace. CanniMed and Up Cannabis ***plan*** to leverage infrastructure and expertise across both platforms to drive synergistic value while focusing strengthening their positions in their distinct markets.

CanniMed has 16 years of pharmaceutical cannabis cultivation experience, GMP-compliant production process and research and development platforms with a range of pharmaceutical-grade cannabis products.

In addition, the company has an active plant biotechnology research and product development ***program*** focussed on the production of plant-based materials for pharmaceutical, ***agricultural*** and environmental applications.

CanniMed, through its subsidiaries, was licensed under theMarihuana for Medical Purposes Regulations, the predecessor to the currentAccess to Cannabis for Medical Purposes Regulations.

Newstrike is a licensed ***producer*** of cannabis that received its cultivation license on December 19, 2016. Newstrike, together with its ***strategic*** partners, is developing a diverse network of high quality cannabis brands.

AltaCorp Capital Inc. is acting as financial advisor to CanniMed and has provided a fairness opinion to the CanniMed board of directors with Borden Ladner Gervais LLP acting as legal advisor to CanniMed. Cormark Securities Inc. has provided a fairness opinion to the CanniMed board of directors.

Country: Canada

Sector: Pharmaceuticals

Target: CanniMed Therapeutics

Buyer: Aurora Cannabis

Vendor:

Deal size in USD:

Type: Corporate Acquisition

Financing:

Status: Bidding

Buyer advisor: , ,

Comment: Terms of the deal were not disclosed

**Load-Date:** January 12, 2018

**End of Document**



[***NI Grain Trade Brexit outlook***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5NR2-G251-F15K-22FH-00000-00&context=1516831)

Farming Life

June 6, 2017 Tuesday

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**Length:** 480 words

**Body**

As businesses across the UK attempt to ***plan*** for the effects of the forthcoming withdrawal from the European Union, trade bodies within every sector of the economy are seeking to influence government and minimise the risks to their members.

The agri supply sector represented locally by the Northern Ireland Grain Trade Association, are seeking a Brexit outcome which recognises the ***strategic*** importance of UK ***agriculture*** and its ability to ***produce*** high quality food in a sustainable way through the efficient use of available resources.

The province's high dependence on imported feed materials for the intensive livestock sector means that it is vitally important to maintain existing trading patterns, ensuring favourable access to grains, feed and fertiliser on the global marketplace - preferably free of quotas or tariffs. Currently 90% of feed ingredients are imported - roughly half from within the EU and half from third countries such as North and South America. Agribusinesses are calling for government to work constructively with EU partners to develop a bilateral approach to ***agricultural*** trade which facilitates historic trading patterns - appreciating that the vast majority of food ***produced*** in Northern Ireland is for consumption beyond these shores.

Practical and workable solutions could be agreed through a process of mutual recognition of standards and quality criteria. These high standards of assurance and safety, to which we currently operate, are key to market access, both new and existing, and must be clearly visible throughout the food chain. However, they must also apply to all imports of food into the UK - particularly from the low cost regions where production is less well regulated.

Local businesses are adamant that any solution must remove the threat of disruption to trade, through physical delays and administrative burden associated with a hard border. The daily movement of thousands of tonnes of meat, milk and grain throughout Ireland are essential to the efficient operation of many agri-food businesses. In addition, the transatlantic shipments of feed materials, with vessels often carrying over 50,000 tonnes, generally involve discharge in more than one port - Belfast, Dublin or Cork.

Industry leaders are calling for government to promote a growth agenda based on a competitive and efficient agri-food sector delivering growth, jobs and productivity. This has to be based on profitable and efficient farm businesses supported by a ***program*** to drive competitiveness and sustainability. This should also include protection against the extremes of price volatility at farm level.

There is potential for such a ***program*** to reduce the UK's dependence on imported food through a focus on local supply, ***produced*** to the highest standards, in a well-regulated and welfare friendly environment and to invigorate farming and the rural economy.

**Load-Date:** June 6, 2017

**End of Document**



[***Council of the European Union: COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS Horizon 2020 interim evaluation: maximising the impact of EU research and innovation Lessons learnt from the Horizon 2020 Interim Evaluation and response to the recommendations of the High Level Group on maximising the impact of EU Research and Innovation programmes ST 5271 2018 INIT***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RGX-Y7T1-F0YC-N3JS-00000-00&context=1516831)

Impact News Service

January 25, 2018 Thursday

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**Length:** 5881 words

**Body**

Brussels: Council of the European Union has issued the following document:

5271/18 MI/lv DG G 3 C EN Council of the European Union Brussels, 12 January 2018 (OR. en) 5271/18 RECH 14 COMPET 21 IND 13 MI 21 EDUC 8 TELECOM 8 ENER 13 ENV 17 REGIO 1 AGRI 18 TRANS 10 SAN 14 COVER NOTE From: Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director date of receipt: 12 January 2018 To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union No. Cion doc.: COM(2018) 2 final Subject: COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS Horizon 2020 interim evaluation: maximising the impact of EU research and innovation Lessons learnt from the Horizon 2020 Interim Evaluation and response to the recommendations of the High Level Group on maximising the impact of EU Research and Innovation ***programmes*** Delegations will find attached document COM(2018) 2 final. Encl.: COM(2018) 2 final EN EN EUROPEAN COMMISSION Brussels, 11.1.2018 COM(2018) 2 final COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS Horizon 2020 interim evaluation: maximising the impact of EU research and innovation 1 1. INTRODUCTION Research and innovation (R&I) are crucial for sustaining Europe’s socio-economic model and values, as well as its global competitiveness. This is increasingly the case in a rapidly changing world, where our success depends ever more on ***producing*** knowledge and swiftly converting it into innovation than on exploiting natural resources or lowering wages.

Sustainable growth in the future can only come from investing in R&I now. Horizon 2020, the EU Framework ***Programme*** for Research and Innovation (2014-2020), is a key EU asset to this end. It aims to stimulate economic growth and create jobs by coupling R&I, promoting excellent science and industrial leadership, and tackling societal challenges. In line with the Better Regulation guidelines1, Commission services carried out a comprehensive Interim Evaluation of the ***programme***’s progress in its first three years of implementation2. The stakeholder response to the public consultation on the Interim Evaluation was very strong, with more than 3500 respondents and over 300 elaborated position papers. Three additional, self-standing interim evaluations covered the European Institute of Innovation and Technology (EIT)3; the public-public partnerships (P2Ps) set up under Article 1854 of the Treaty on the Functioning of the European Union (TFEU); and public-private partnerships (PPPs, implemented through joint undertakings) launched under Article 1875 of the TFEU. Separate independent expert groups also performed one mid-term review of the nine contractual public-private partnerships6, and one of the direct actions of the Joint Research Centre7. The Interim Evaluation provided the evidence-base for the report and forward-looking recommendations8 of the independent High Level Group on maximising the impact of EU R&I ***programmes***, chaired by Pascal Lamy (Lamy High Level Group). As required by Article 32 of the Regulation establishing Horizon 20209, the purpose of this Communication is to raise to the attention of the EU Institutions the key findings (Section 2) and lessons learnt from the overall evaluation (Section 3). This includes possible improvements and orientations for the future, including first responses to recommendations made by the Lamy High Level Group on maximising impact. 1 [*https://ec.europa.eu/info/files/better-regulation-guidelines\_en*](https://ec.europa.eu/info/files/better-regulation-guidelines_en) 2 SWD (2017) 220 In-depth interim evaluation of Horizon 2020 3 SWD(2017)352 Final 4 SWD(2017)340 Final 5 SWD(2017)339 Final 6   [*https://publications.europa.eu/en/publication-detail/-/publication/6de81abe-a71c-11e7-837e-01aa75ed71a1*](https://publications.europa.eu/en/publication-detail/-/publication/6de81abe-a71c-11e7-837e-01aa75ed71a1) 7   [*http://publications.jrc.ec.europa.eu/repository/bitstream/JRC107957/jrc\_implementation\_review\_web-\_final.pdf*](http://publications.jrc.ec.europa.eu/repository/bitstream/JRC107957/jrc_implementation_review_web-_final.pdf) 8 “LAB – FAB – APP - Investing in the European future we want”, Report of the Independent High Level Group on Maximising the Impact of EU Research and Innovation ***Programmes***, 3 July 2017 9 Regulation 1291/2013 of the European Parliament and of the Council of 11 December 2013 2 2. KEY FINDINGS FROM THE INTERIM EVALUATION OF HORIZON 2020 The other EU Institutions endorsed the findings of the Interim Evaluation: the European Parliament (EP)10, the European Economic and Social Committee (EESC)11, the Committee of Regions (CoR)12, and more recently the Competitiveness Council through Council Conclusions13 of 1 December 2017. The Member States also adopted an opinion through the European Research Area and Innovation Committee (ERAC)14. The common view is that Horizon 2020's implementation is largely a success. Horizon 2020 is attractive and relevant. Participants come from the best institutions and companies in and outside Europe, covering a wide range of disciplines. Stakeholders express strong satisfaction with the ***programme***, as shown by the sustained interest in its highly competitive calls. More than half of Horizon 2020 participants are newcomers compared to the previous Framework ***Programme*** 7 (FP7). Industrial participation has increased, with 23.9% of the budget for industrial and enabling technologies and societal challenges going to SMEs - well over the target of 20%. Horizon 2020 has shown flexibility in responding to evolving political priorities, such as migration, and emergencies such as the Ebola and Zika outbreaks. The ***programme*** offers unique collaboration and networking opportunities. One in five Horizon 2020 scientific publications is the result of academia-private sector collaboration. Horizon 2020 results in more interdisciplinary publications than FP7. The contractual PPPs, which bring together the private sector and the Commission in jointly defining research and innovation agendas, have added value by strengthening inter-sectoral cooperation and fostering innovation. Horizon 2020 is on track to contribute significantly to the creation of jobs and growth. Even if Horizon 2020 represents less than 10% of total public R&D spending in the EU, macroeconomic models project its socio-economic impact to be in the order of EUR 600 billion and 179000 jobs by 203015. Moreover, it supports achieving EU policy objectives through its focus on excellent science, industrial leadership and societal challenges16. Excellence as the core underlying principle ensures quality. Having excellence as the main criterion for allocating funding has helped the first scientific publications of Horizon 2020 to be cited already at twice the world average rate. Patents ***produced*** through the ***programme*** are of higher quality and likely commercial value than similar patents ***produced*** elsewhere. Horizon 2020 already has supported some 17 Nobel prize-winners. 10 EP T8-0253/2017, REPORT on the assessment of Horizon 2020 implementation in view of its interim evaluation and the Framework ***Programme*** 9 proposal 11 EESC information report INT/807, Horizon 2020 (evaluation) 12 CoR Opinion SEDEC-VI/026, Local and Regional Dimension of the Horizon 2020 ***Programme*** and the New Framework ***Programme*** for Research and Innovation 13 From the Interim Evaluation of Horizon 2020 towards the ninth Framework ***Programme*** - Council conclusions (adopted on 1/12/ 2017)   [*http://www.consilium.europa.eu/media/31888/st15320en17.pdf*](http://www.consilium.europa.eu/media/31888/st15320en17.pdf) 14 ERAC 1207/17, ERAC Opinion on the Interim Evaluation of Horizon 2020 and preparations for the next Framework ***Programme*** 15 SWD (2017) 220 In-depth interim evaluation of Horizon 2020, Section 8.4, p. 141 and p. 144 16 Still, the expenditure targets for sustainable development and climate change is not yet met, so efforts have been stepped up in the final Work ***Programme***. 3 The leap in simplification has paid off. The large-scale simplification measures introduced (e.g single set of rules, electronic signature of grant agreements, the Participant Portal as the one-stop-shop for interactions with participants, single reimbursement rate, flat rate for indirect costs) have greatly reduced administrative burden and costs, leading to large decreases in time to grant (110 days faster than in FP7). Stakeholders appreciate the simplified funding model, which has not reduced the level of co-funding by beneficiaries. Horizon 2020 has shown clear EU Added Value. It brings economies of scale, scope and speed compared to national and regional-level support to R&I and thereby increases the EU's attractiveness as a place for research and innovation. The ***programme***'s additionality (i.e not displacing national funding17) is very strong. Single-beneficiary ***programme*** parts like the SME Instrument, the ERC and Marie Skłodowska Curie Actions add EU value through pan-European competition and the structuring effects they exert on national R&I systems. Horizon 2020 is delivering value for money. Horizon 2020's administrative overhead is lower than in FP7, thanks to the extensive delegation of ***programme*** implementation to specialised executive agencies and the harmonised implementation through the Horizon 2020 Common Support Centre. Administrative expenditure is below the target of 5%. It is particularly low for the executive agencies and the EIT. The evaluations of Horizon 2020-supported partnership initiatives show how effective they are in leveraging significant additional private and public funding and in aligning R&I priorities across Europe. The interim evaluation of the EIT concluded that it contributes to addressing structural weaknesses in the EU’s innovation capacity. The EIT's Knowledge and Innovation Communities (KICs) add EU value by stimulating close and effective links between education, research and innovation across a diverse set of global challenges. The EIT is the platform to launch and grow KICs, whose educational ***programmes*** combine technical knowledge with entrepreneurial and innovation education, direct access to businesses, and international mobility. Public-public partnerships under Article 185, e.g Eurostars2, Joint Baltic Sea Research ***Programme*** (BONUS), have created long-term R&I partnerships and networks between research funders and governments, thus contributing to the European Research Area (ERA). They mobilise significant investment in transnational research projects in important policy areas, with an increasingly global action remit. The key strength for all public-private partnerships under Article 187, e.g CleanSky2, Bio-Based Industries (BBI), is their ability to engage and leverage ***strategic*** industry partners in priority areas of action for the Union, across borders and business sectors, and their direct contribution to competitiveness and EU policy goals. They link activities across the innovation cycle, and help overcome fragmentation in their respective sectors by creating long-lasting pre-competitive collaborative networks that bring together previously unrelated stakeholders. Contractual PPPs, e.g Factories of the Future (FoF), Energy-efficient Buildings (EeB), were found to have broadly achieved their goals, being flexible and efficiently managed, bringing together major industrial partners in EU-driven strategies, with mutual 17 SWD (2017) 220 In-depth interim evaluation of Horizon 2020 section 8.2.2.3 p. 114 4 understanding of deliverables by industry and a high level of transparency, and openness in participation, including of SMEs. 3. LESSONS LEARNT TO MAXIMISE THE IMPACT OF FUTURE FRAMEWORK ***PROGRAMMES*** The main purpose of the comprehensive interim evaluation was to draw lessons for the future based on an analysis of both strengths and weaknesses. These will help improve the implementation of Horizon 2020 in its last three years (2018 – 2020) and of the EIT and Article 185 and 187 Initiatives. The combined evaluation exercise also provides longer-term lessons learned18, which will inform the design of the successor Framework ***Programme*** for the period post-2020. The final Horizon 2020 Work ***Programme*** for 2018 – 2020 is already testing some of the solutions designed to address the lessons learnt for the longer-term, including a pilot phase of a future European Innovation Council (EIC) and the use of lump sums as an alternative to cost reimbursement in some areas. What follows is a summary of the main lessons learnt and areas for improvement. 3.1 Invest more ambitiously Horizon 2020 is found to be underfunded – its increased attractiveness and continued relevance has resulted in large-scale oversubscription (a success rate of only 11.6% compared to 18.5% for FP7). An additional EUR 62.4 billion would have been needed to fund all proposals independently evaluated above the stringent quality threshold. This underfunding represents an opportunity cost for Europe's promising R&I potential and constitutes a waste of resources for the applicants (who spent an estimated EUR 636 million a year preparing proposals19). In response to the Horizon 2020 interim evaluation, the European Parliament, supported by the Committee of Regions, similarly calls, among others, on the EU to avoid budget cuts to Horizon 2020 and to endow the successor ***programme*** with at least EUR 120 billion. The ERAC calls for proportionality between budget and ambitions. Similarly, Council Conclusions emphasise the need to prioritise R&I across all relevant EU policies, and provide significant funds for the future ***programme***. The Lamy High Level Group recommends prioritising R&I and allocating more funding to it in EU and Member State budgets. The Group suggests that doubling the budget of the post-2020 ***programme*** is the best investment the EU can make in order to align investment with that of the EU’s main competitors and realise the currently wasted potential of unfunded high-quality proposals (i.e to aim for funding for at least 30% of high quality proposals). The Commission takes note of the call from the High Level Group and other EU institutions to invest more in R&I through the future Framework ***Programme***, in light of the current ***programme***’s strengths and EU added value. EU funding for R&I should be 18 SWD (2017) 220 In-depth interim evaluation of Horizon 2020 section 12 p. 186 19 SWD (2017) 220 In-depth interim evaluation of Horizon 2020 section 7.3.2 p. 60 5 matched by ambitious national and regional funding in order to reach the R&D investment target of 3% of EU GDP. 3.2 Continue simplification Horizon 2020 has made great progress in terms of simplification compared to FP7, but simplification is an ever continuing undertaking, requiring constant improvements. The EU Institutions note and appreciate the substantial progress made in simplification and equally stress the need to continue. The EESC sees it as a way to enlarge the circle of applicants, while ERAC sees continued simplification as a way to design even more user-friendly tools and rules. The Lamy High Level Group's ambition is to make the EU the most attractive R&I funder in the world (#7 Simplify further). This implies radically privileging impact over process, e.g by minimising documentation, making calls more flexible (including on the choice of instrument and costing), and within R&I consortia adapting to changing trends and new opportunities. The Group suggests weighing the reduction in reporting obligations against having continuous and real-time data on the impacts of projects. The Commission is continuing the simplification drive, including through pilot actions in the last Work ***Programme*** of Horizon 2020, Subject to experience with these pilots, the Commission will pursue further simplification to support faster innovation cycles and lower administrative burden. To this end, the Commission will explore possibilities to: simplify the present real cost reimbursement system; increase acceptance of usual accounting practices; increase the use of lump-sum project funding against fulfilment of activities and other simplified forms of funding; reduce the burden for preparing and submitting proposals; reduce the ‘time to grant’; and improve feedback given to applicants. 3.3 Support breakthrough innovation Thanks in part to the EU Framework ***Programmes***, Europe is a global scientific powerhouse. However, it does not perform at the same level in innovation. Horizon 2020's Interim Evaluation has identified some potential for supporting breakthrough, market-creating innovation, but concludes that such support must be considerably strengthened; for example, only a relatively small number of firms receiving grants benefits from financial instruments under Horizon 202020. This may hinder the scale-up to the European and international level of young innovative firms. The European Parliament equally stresses the importance of innovation support in general, and of disruptive innovation and scaling up in particular, while Council Conclusions emphasise the importance of supporting the whole innovation value chain, including high-risk disruptive technologies, while the possible future EIC should support breakthrough innovations and the scaling up of innovative companies. The Committee of Regions and ERAC opinions also make this point. The Lamy High Level Group recommends supporting innovation (e.g technological, social, business model) across all EU policy domains. This will notably create a common regulatory framework that fosters entrepreneurship, European industrial competitiveness 20 SWD (2017) 220 In-depth interim evaluation of Horizon 2020 section 8.2.2.3 p. 111 and 8.2.3.3 p. 123 6 in the global market and its leadership in the current industrial revolution (#2 Build a true EU innovation policy that creates future markets). The Lamy Group suggests promoting and investing in innovative ideas with rapid scale-up potential through a European Innovation Council (EIC) that is empowered to invest in entrepreneurs and businesses - irrespective of size, sector or maturity - with risky innovations that have rapid scale-up potential at the crossroads of different technologies and disciplines. It also recommends (#4 Design the EU R&I ***programme*** for greater impact) that the EIC design new proposal evaluation and selection processes to better capture high-risk, high-return projects, introduces greater flexibility in grant management (stop-go decisions) and tolerates failure. The Commission acknowledges the mounting importance of market-creating innovation21 and will consider ways to further support it in the future building on current actions in the area of the Digital Single Market, Energy Union and Capital Markets Union. Venture capital in Europe is one-fifth the level of that in the US. The new generation of companies in the collaborative and digital economies originate predominantly in the US and Asia. The Commission has already taken action to build up an industrial policy, digitalise EU industry, and develop the collaborative economy22. Building on the current achievements in innovation support through the SME Instrument, collaborative projects and public-private partnerships, the future Framework ***Programme*** should provide support faster and more flexibly. It should exploit the complementarity of grants and financial instruments, in order to attract and scale up young and quickly growing innovative companies to international and European levels, improve market-uptake of R&I results and accelerate innovation diffusion. The aim should be to put Europe at the forefront of market-creating innovation. To this end, a first pilot phase of a future European Innovation Council is launched in the last Work ***Programme*** of Horizon 2020. The experience gained from this first phase, together with ***strategic*** support from the recently established High Level Group of Innovators23, will provide a basis for further decision making on a fully-fledged EIC. 3.4 Create more impact through mission-orientation and citizen involvement The Interim Evaluation points to the need for greater impact and more outreach to citizens24. This is not only important for improving the communication of the contribution of R&I to tackling societal and technological challenges; involving citizens, customers and end-users in the ***programme*** agenda-setting (co-design) and its implementation (co-creation) leads to more innovation by stimulating user-driven innovation and the demand for innovative solutions. This will also respond to the opportunity of adopting a more impact-focused, mission-oriented approach in the future25. The Work ***Programmes*** of Horizon 2020 already pave the way towards mission-orientation, using Focus Areas as a stepping-stone. 21 SWD (2017) 220 In-depth interim evaluation of Horizon 2020 section 8.2.2.3 p. 111 and 8.2.3.3 p. 123 U Industrial Policy Strategy, see COM(2017) 479 23   [*https://ec.europa.eu/research/eic/index.cfm?pg=hlg*](https://ec.europa.eu/research/eic/index.cfm?pg=hlg) 24 This is also supported by the recommendation of the High Level Expert Group that carried out the ex-post evaluation of FP7: “bringing science closer to citizens”; COM(2016) 5 final 25 Idem “focus on critical challenges and opportunities in the global context” COM(2016) 5 final 7 All EU Institutions stress the importance of getting citizens more involved and maximising impact from the Framework ***Programme***. The Committee of the Regions is very explicit in encouraging the adoption of a new, complementary approach based on missions. ERAC and Council Conclusions point to the need to deliver better and continued outreach to society, and call for exploring a mission-oriented approach. The Lamy High Level Group takes this analysis up in several of its recommendations. It suggests defining R&I missions with a transformative potential and that mobilise many actors and investors to realise them, including through public procurement of innovation (#5 Adopt a mission-oriented, impact-focused approach to address global challenges). The Lamy Group puts forward the UN Sustainable Development Goals (UN SDGs) as a global reference framework for defining such missions. It pleads for involving the public in defining missions and for more citizen science (#8 Mobilise and involve citizens). It argues in favour of a more effective branding of EU R&I, e.g through wider communication of its results and impacts (#11 Capture and better communicate impact). To boost innovation, the Lamy report recommends that sectoral policies be fully engaged with innovation policy-making. It attaches great importance to seeing a ***programme*** driven by purpose and impact rather than instruments, with a fine-tuned proposal evaluation system and greater flexibility (#4 Design the EU R&I ***programme*** for greater impact). The Commission, through the final Work ***Programme*** of Horizon 2020, is already taking up some of the lessons learnt in terms of impact and outreach to citizens (e.g through clearer impact statements and reinforced dissemination and exploitation of research results). The future ***programme*** should be built from the onset around a clear ***intervention*** logic and differentiated proposal evaluation. It will start from clear and, as far as practicable, quantified expected long-term impacts, medium- term results and short-term outputs, in support of EU policy priorities, the UN SDGs and the implementation of the Paris Agreement. Based on the results of the interim evaluation and bearing in mind the scope and thrust of the Work ***Programmes*** for Horizon 2020 for 2018-2020, R&I missions (scientific, technological, social etc.) in the next ***programme*** should create more impact, achieve better outreach, and encourage a systemic approach. They should address EU policy objectives, capture the public’s imagination (engaging with people about values, making them part of the process, and proud to be European), forge links between disciplines and sectors, and go beyond what is currently possible. 3.5 Increase synergies with other EU funding ***programmes*** and EU Policies Synergies already exist between Horizon 2020 and other EU ***programmes***, such as the European Structural and Investment Funds (ESIF), the European Fund for ***Strategic*** Investments (EFSI), external relations instruments, the Connecting Europe Facility, and the Common ***Agricultural*** Policy. Still, they should be further strengthened and made more efficient and effective26. In particular, building on synergies with ESIF and smart specialisation strategies27, R&I capacities built over the past decade in lower performing 26 This is also supported by the recommendation of the High Level Expert Group that carried out the ex-post evaluation of FP7: “align research and innovation instruments“; COM(2016) 5 final 27 COM(2017)376 Strengthening Innovation in Europe's Regions: Strategies for resilient, inclusive and sustainable growth 8 regions could be better used for Framework ***Programme***-supported projects and to increase participation in trans-national R&I networks and activities. The European Parliament opinion gives high prominence to synergies between EU funding ***programmes***, which it deems crucial to make investments more effective, exploiting in particular the smart specialisation strategies. The Parliament calls for enhanced synergies between the future Framework ***Programme*** and other dedicated EU funds in support of R&I. The ERAC opinion indicates that synergies between ESIF and the Framework ***Programme*** should be developed on a systemic level, already in the ***programming*** phase. Council Conclusions similarly call for synergies, coherence, compatibility and complementarity. The Lamy High Level Group recommends designing future funding ***programmes*** with complementary, mutually reinforcing and interoperable ***intervention*** logics to support capacity-building in regions that are catching up in terms of innovation (#6 Rationalise the EU funding landscape and achieve synergy with structural funds). The Commission will capitalise on the experience gained in jointly implementing the current generation of funding ***programmes*** (e.g the introduction of the Seal of Excellence28) and will focus on enhancing synergies from the ***programme*** design stage to ensure that the range of instruments and ***programmes*** covers the whole innovation chain. This will be done by bringing priorities more in line with each other; making co-funding schemes more flexible in order to pool resources at EU level; and improving the compatibility of rules (for example, making it possible to apply automatically the Seal of Excellence). The future ***programme*** will also continue to provide support to policymaking. 3.6 Strengthen international cooperation International cooperation in R&I is vital for ensuring access to talent, knowledge, know-how, facilities and markets worldwide, for effectively tackling global challenges, and for implementing global commitments. While Horizon 2020 has a broad international outreach and openness to the world, third-country participations declined when compared to FP7, so international cooperation needs to be further intensified in order to continuously strengthen Europe's R&I excellence and competitiveness and solve global societal challenges. The European Parliament calls for strengthening international R&I cooperation, including with associate partners and emerging countries, as soon as possible through concrete actions. The Parliament, in addition, highlights the value of science diplomacy. Council Conclusions reaffirm the importance of reciprocity. The Lamy High Level Group gives similar prominence (#10 Make international R&I cooperation a trademark of EU R&I). The group recommends further stimulating international cooperation activities and opening the ***programme*** to association by the best and support to participation by all, based on reciprocal co-funding in partner countries. The Commission endorses the importance of strengthening international cooperation in R&I. The final Work ***Programme*** of Horizon 2020 seeks to do just that. Criteria and rules should be considered for associating third countries based on excellence in R&I. The 28   [*https://ec.europa.eu/research/soe*](https://ec.europa.eu/research/soe) 9 Impact Assessment for the future ***programme*** may consider several ways of stimulating international cooperation in order to make sure that EU researchers work with the best and most appropriate R&I partners worldwide. 3.7 Reinforce openness There is a need to build on the great progress made in terms of making the scientific publications and data generated by Horizon 2020 openly accessible to the wider scientific community and public. However, so far less than 70% of the publications ***produced*** in Horizon 2020 are available in Open Access, with no clear signs of improvement. The European Parliament opinion is in favour of the general principle of Open Access, while ERAC regards the 100% Open Access policy of Horizon 2020 as a clear measure in favour of knowledge circulation. Importantly, the Council Conclusions on the transition towards an Open Science System29 give valuable guidance for the future, while the Council Conclusions on the Interim Evaluation of Horizon 2020 highlight the role of Open Science in boosting impact and transparency. The promotion of Open Science (and Open Access specifically) are referenced throughout the Lamy High Level Group report as key guiding principles that should be rewarded (#3 Educate for the future and invest in people who will make the change). The Commission will further develop its policies in support of the Open Science Agenda30. Building on the experience of implementing Horizon 2020, all publications should be openly accessible and all data should be Findable, Accessible, Interoperable and Re-usable (FAIR). The Commission will explore ways to make the next Framework ***Programme*** fully embrace Open Science as a way of strengthening scientific excellence, benefiting from citizen participation, achieving better reproducibility of results, and increasing the re-use of research data. 3.8 Rationalise the funding landscape A key area for improvement is the rationalisation of the Horizon 2020 funding landscape. This applies in particular to the landscape for partnership instruments and initiatives31. Stakeholders point out that the many instruments and initiatives, with the complexity it entails, are difficult to understand and may lead to overlaps. Reforming the current partnership landscape should make it possible to use their full potential in achieving ambitious policy objectives. The EIT evaluation identifies the need to develop further synergies with other EU initiatives from the ***programming*** stage. There is scope for streamlining the relevant goals the EIT and the KICs are expected to achieve with clear and measurable objectives; the role of the KICs in the EU R&I landscape also needs to be better defined. The Article 185 evaluation finds that the EU public-to-public cooperation (P2P) landscape has become crowded, with too many similar initiatives working with insufficient coherence among the P2Ps, as well as between the P2Ps and Horizon 2020. The Article 187 29   [*http://data.consilium.europa.eu/doc/document/ST-9526-2016-INIT/en/pdf*](http://data.consilium.europa.eu/doc/document/ST-9526-2016-INIT/en/pdf) 30   [*https://ec.europa.eu/research/openscience/*](https://ec.europa.eu/research/openscience/) 31 Horizon 2020 supports two broad categories of partnerships, in addition to FET Flagships and KICs: those mainly involving Industry, i.e Article 187 initiatives or Public-Private-Partnerships (PPPs) and contractual PPPs (cPPPs); and those involving mainly Member States, i.e Article 185 initiatives or Public-Public-Partnerships (P2Ps), ERA-NET Cofund, EJP-Cofund and Joint ***Programming*** Initiatives. 10 evaluation points out that Public-Private Partnership (PPP) activities need to be brought more into line with EU, national and regional policies, and calls for a revision of the Key Performance Indicators. The contractual PPPs (cPPPs) review identified challenges of coherence among cPPPs and the need to develop synergies with initiatives such as KICs. ERAC considers it particularly urgent to rationalise the funding schemes, while considering P2Ps essential for more coordinated implementation of national and EU R&I. Competitiveness Council Conclusions similarly stressed that the current R&I ecosystem has become too complex, and stressed that all partnership initiatives should have an exit strategy from FP funding. The European Parliaments advocates ‘decomplexifying’ the EU funding landscape. The Lamy High Level Group likewise prioritises rationalisation (#6 Rationalise the EU funding landsc

ape), within and beyond the Framework ***Programme***. It finds that the range of funding schemes for R&I risks diluting excellence by favouring ‘competition among those in the know’. It recommends eliminating one third of R&I funding schemes, instruments and acronyms. More specifically on partnerships, the Group recommends limiting EU co-funding to partnerships that clearly deliver on EU missions, with a simplified and flexible co-funding mechanism (#9 Better align EU and national R&I investment). Lastly, the Group recommends that KICs be more coherently deployed to address global challenges, by directly incorporating them into the post-2020 EU R&I ***programme*** (#3 Educate for the future and invest in people who will make the change)32. The Commission welcomes these assessments. In the short term, the Commission will endeavour to improve performance within the current life cycle through the Annual Work ***Plans*** and Work ***Programmes*** along the lines recommended in the respective evaluations. In the longer term, it will look into how to rationalise the different EU R&I instruments and funding schemes to the advantage of beneficiaries, without undermining the achievement of its policy objectives. A future EIC could present an opportunity for streamlining innovation support schemes. Possible R&I missions could be used to structure the KICs so that they have clearer objectives, communicate better and have more impact. The Commission also intends to explore in the Impact Assessment of the future ***programme*** ways of rationalising partnerships (including KICs and Future and Emerging Technologies Flagships), improve their openness and transparency, and link them with future EU R&I missions and ***strategic*** priorities. It will consider, as part of a ***strategic*** process, for example, the additionality of capabilities, relevance for political priorities agreed between the EU, Member States, industry and other stakeholders, flexibility, exit strategies integrated from the start, and delivery of impact that cannot be achieved through the Framework ***Programme*** alone. 4. OUTLOOK To date, Horizon 2020 has been an EU success story with undeniable EU Added Value. Building on the positive findings of the Interim Evaluation, the stakeholder feedback and 32 The report of the HLG on the EIT identified a clear need to strengthen the role of the EIT headquarters as a provider of shared services and expertise to the KICs. ([*https://ec.europa.eu/education/sites/education/files/eit-hlg-final-report\_en.pdf*](https://ec.europa.eu/education/sites/education/files/eit-hlg-final-report_en.pdf)) 11 the Lamy High Level Group call for ‘an evolution, not a revolution’, a further refinement and optimisation rather than an overhaul of the Framework ***Programme*** is needed. The Commission welcomes the recommendations of the Lamy High Level Group; it will consider them, as appropriate, in the design of the next Framework ***Programme*** in order to set a new level of ambition for global leadership in science and innovation.

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[***-Cannabis Science CEO Receives Prestigious Industry Leader Award at 2018 Global Health Catalyst Summit at Harvard Medical School***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SFK-P961-JD3Y-Y146-00000-00&context=1516831)

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**Body**

Cannabis Science, Inc. (CBIS), a U.S. company specializing in the development of cannabinoid-based medicines, announces that the Company has successfully completed participation in the 2018 Global Health Catalyst (GHC) Summit at Harvard Medical School in Boston, MA.

As part of the Company's participation this year, Cannabis Science chaired a session on phytomedicines in global health and announced a new partnership with Elpasso Farms, one of the most successful farms in South Africa.

Additionally, the Company's President, Chief Executive Officer (CEO), and Co-Founder, Mr. Raymond C. Dabney, was presented the prestigious Industry Leader Award by the GHC Summit Organizing Committee. Mr. Dabney was presented this award for '...establishing groundbreaking partnerships with African institutions to close the cancer and pain divide, investigating safe phytomedicine alternatives to opioids, and providing support for the development of phytomedicines to reduce global health disparities.' Other awardees recognized during the 2018 GHC Summit included: Her Excellency Dr. Arikana Chihombori-Quao, The African Union's Ambassador to the United States; Mr. Bismack Biyombo, a player with the National Basketball Association's (NBA) Orlando Magic and philanthropist from the Democratic Republic of the Congo; The Honorable Professor Peter Anyang' Nyong'o, Governor of Kisumu County in Kenya and former Minister of Medical Services; Mr. Krishnan Suthanthiran, President of Team Best and an entrepreneur with interests in medical products manufacturing, healthcare delivery, and real estate; Dr. Nazik Hammad, Vice President for North America for the African Organization for Research and Training in Cancer (AORTIC) and Assistant Professor at the Department of Medical Oncology at Queen's University in Kingston, Ontario; Dr. Eduardo Cazap, Professor and founder of the Latin American and Caribbean Society of Medical Oncology (SLACOM); Professor Nicholas Abinya, Professor of Medicine and Head of the Hematology and Oncology Section, Department of Clinical Medicine and Therapeutics, University of Nairobi and Kenyatta National Hospital; Professor Dennis and Nancy Palmer, from the Mbingo Baptist Hospital, Cameroon; Dr. Groesbeck Preer Parham, Professor at the University of North Carolina, Chapel Hill School of Medicine and The Government of Rwanda (accepted by Her Excellency Professor Mathilde Mukantabana, Rwanda's Ambassador to the United States.

Mr. Dabney was the keynote speaker for the Phytomedicines in Global Health Session held on Saturday, May 26th. The theme of this session was From Farm to Bedside: Advancing Clinical Translation of Medical Cannabis and Other Phytomedicines for Global Health. Mr. Dabney discussed the development of effective cannabinoids and the creation of the Cannabis Science Global Consortium, a research and development framework and platform to cooperate and collaborate with stakeholders worldwide. The Cannabis Science Global Consortium links universities, foundations, corporations, and individuals to share research, ideas, and other relevant information, as well as to implement a cutting-edge research ***program*** to develop medicines and delivery mechanisms from bench-to-bedside. The Global Consortium also enables the Company to more strategically coordinate its initiatives, including those focused on education, job creation, and skills training.

Cannabis Science's Chief Medical Officer (CMO), Dr. Allen Herman, moderated the Phytomedicines Session and presented on the role of cannabinoids in reducing the pain therapeutic divide between developed and developing countries, and the Company's research and development ***plan***.

During the Phytomedicines Session, Mr. Dabney announced the signing of an exclusive partnership agreement between Cannabis Science and Elpasso Farms. Elpasso Farms is considered one of the most successful farms in South Africa. The 1,000-acre farm is located in Cullinan, a small town approximately 30 kilometers east of Pretoria. Cannabis Science enters into this agreement along with the Company's educational partner, American States University (ASU).

Under the terms of the agreement, Cannabis Science, ASU, and Elpasso Farms will collaborate to implement an initiative creating an ***Agriculture*** Center of Excellence in phytomedicines and commerce, specializing in community, city, and national economic development in South Africa, with ***plans*** to expand across the African continent. Specifically, the parties will establish research, development, cultivation, testing, manufacturing, and production facilities on Elpasso's 1,000-acre site in Cullinan, South Africa. Additionally, in support of these activities and as part of the agreement, Cannabis Science, ASU, and Elpasso Farms will establish the Pan-African ***Agriculture*** and Commerce University (PAACU). PAACU will specialize in ***Agriculture***, Medicine, Medical Practitioner, Law, Business, and Entrepreneurial ***programs*** for the local community, and will offer a variety of certificate courses and conduct formal research ***programs*** using a variety of cannabinoids from associated indigenous plants. PAACU will be responsible for seed incubation, growing, and cultivation of a variety indigenous plants including Cannabis and Hemp.

'Our partnership with Elpasso Farms breaks new ground for Cannabis Science and certainly pushes us to the next level,' stated Mr. Dabney, who is also the Chancellor of ASU. 'We currently have a sponsored research ***program*** with one of the leading academic and research institutions in South Africa. As part of our broader African Initiative, this agreement with Elpasso Farms will effectively establish Cannabis Science's headquarters and operations in South Africa. Not only do we expect to significantly grow our business, we intend to leverage ASU to have a positive impact in South Africa through our contributions to economic development, education, skills training, and job creation.'

Cannabis Science's funded research currently focuses on the clinical applications of cannabinoids in cancer treatment and pain management. The Company's research will expand to investigate the effectiveness of cannabinoid treatment in an increasing array of cancers, especially difficult to treat cancers and those with high fatality rates; develop novel targeted delivery methods in the use of cannabinoids, and - with advances in bioinformatics, computer science, and pharmacology - explore the mechanisms of action of cannabinoids in the management of disease. The Company is also investigating the use of cannabinoid-based medicines to treat Post Traumatic Stress Disorder (PTSD) and other neurological disorders, HIV/AIDS, chronic pain, Seizures, Chronic Obstructive Pulmonary Disease (COPD), Arthritis and many more critical ailments.

Cannabis Science's objective is to create a vertically integrated organization, through investing in the organic growth and development of the Company's operational capabilities, as well as through ***strategic*** acquisitions. Cannabis Science aims to control the development of its medicines from farm-to-bedside, and firmly establish the Company as a leader and recognized innovator in the market for cannabinoid-based medicines.

About American States University

American States University offers thirty-seven state-approved post-secondary educational ***programs*** in the Departments of ***Agriculture***, Arts, Business, Certified Professional, and Technology in a unique hybrid structure of online, in class, and in field education. Its primary purpose is to provide professional training in ***agricultural*** medical and industrial hemp research and development for pharmaceutical drugs targeting critical ailments such as Cancer, Epilepsy, Chronic Pain, Parkinson's Disease, Arthritis, PTSD, HIV/AIDs and other industries such as Alternate Biofuels, Construction, Clothing and Automobile Materials, business administration, and other numerous certifications. The University aims to provide affordable quality education to its students so as to achieve their career goals and excel in their chosen professions. A sample curriculum for the Alternative Medicine Hemp 101 ***Program*** includes; Regulatory Compliance, Company Creation, Company Structure, Department Management, Team, Management, Planting and Harvest, Formulation Creation, Manufacturing, Wholesale, Distribution, Observational Studies, Retail, Sales, and Marketing.

About Cannabis Science, Inc.

Cannabis Science, Inc. takes advantage of its unique understanding of metabolic processes to provide novel treatment approaches to a number of illnesses for which current treatments and understanding remain unsatisfactory. Cannabinoids have an extensive history dating back thousands of years, and currently, there are a growing number of peer-reviewed scientific publications that document the underlying biochemical pathways that cannabinoids modulate. The Company works with leading experts in drug development, the characterization of medicines, and clinical research to develop, ***produce***, and commercialize novel therapeutic approaches for the treatment for illnesses caused by infections as well as for age-related illness. Our initial focus is on cancers, HIV/AIDS, and neurological conditions. The Company is proceeding with the research and development of its proprietary drugs as a part of this initial focus: CS-S/BCC-1, CS-TATI-1, and CS-NEURO-1, respectively.

Forward-Looking Statements

This Press Release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Act of 1934. A statement containing words such as 'anticipate,' 'seek,' intend,' 'believe,' 'estimate,' 'expect,' 'project,' '***plan***,' or similar phrases may be deemed 'forward-looking statements' within the meaning of the Private Securities Litigation Reform Act of 1995. Some or all of the events or results anticipated by these forward-looking statements may not occur. Factors that could cause or contribute to such differences include the future U.S. and global economies, the impact of competition, and the Company's reliance on existing regulations regarding the use and development of cannabis-based drugs. Cannabis Science, Inc., does not undertake any duty nor does it intend to update the results of these forward-looking statements. Safe Harbor Statement. The Private Securities Litigation Reform Act of 1995 provides a 'safe harbor' for forward looking statements. Certain of the statements contained herein, which are not historical facts are forward looking statements with respect to events, the occurrence of which involved risks and uncertainties. These forward-looking statements may be impacted, either positively or negatively, by various factors. Information concerning potential factors that could affect the company is detailed from time to time in the company's reports filed with the Securities and Exchange Commission.

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[***FEDERAL REGISTER: Financial Responsibility Requirements Under CERCLA Section 108(b) for Classes of Facilities in the Hardrock Mining Industry Pages 7556 - 7588 [FR DOC # 2017-26514]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RPP-PDK1-JDG9-Y0HM-00000-00&context=1516831)

Impact News Service

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Washington: Office of the Federal Register has issued the following notice:

 Environmental Protection Agency ----------------------------------------------------------------------- 40 CFR Part 320 Financial Responsibility Requirements Under CERCLA Section 108(b) for Classes of Facilities in the Hardrock Mining Industry; Final Rule Federal Register / Vol. 83 , No. 35 / Wednesday, February 21, 2018 / Rules and Regulations [[Page 7556]] ----------------------------------------------------------------------- ENVIRONMENTAL PROTECTION AGENCY 40 CFR Part 320 [EPA-HQ-SFUND-2015-0781; FRL-9971-50-OLEM] RIN 2050-AG61 Financial Responsibility Requirements Under CERCLA Section 108(b) for Classes of Facilities in the Hardrock Mining Industry AGENCY: Environmental Protection Agency (EPA). ACTION: Final action.

----------------------------------------------------------------------- SUMMARY: The Environmental Protection Agency (EPA or Agency) is announcing its decision to not issue final regulations on its proposed regulations for financial responsibility requirements applicable to hardrock mining facilities that were published on January 11, 2017. This decision is based on the record for this rulemaking. This final rulemaking is the Agency's final action on the proposed rule. DATES: This final action is effective on March 23, 2018. ADDRESSES: EPA has established a docket for this action under Docket ID No. EPA-HQ-SFUND-2015-0781. All documents in the docket are listed on the [*https://www.regulations.gov*](https://www.regulations.gov) website. Although listed in the index, some information is not publicly available, e.g , Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Certain other material, such as copyrighted material, is not placed on the internet and will be publicly available only in hard copy form. Publicly available docket materials are available electronically through   [*https://www.regulations.gov*](https://www.regulations.gov) FOR FURTHER INFORMATION CONTACT: Office of Resource Conservation and Recovery, Mail Code 5303P, Environmental Protection Agency, 1200 Pennsylvania Avenue NW, Washington, DC 20460; Barbara Foster, (703) 308-7057, [*Foster.Barbara@epa.gov*](mailto:Foster.Barbara@epa.gov); or Michael Pease, (703) 308-0008, [*Pease.Michael@epa.gov*](mailto:Pease.Michael@epa.gov) SUPPLEMENTARY INFORMATION: Table of Contents I. Executive Summary A. Overview B. Purpose of the Regulatory Action C. Summary of the Major Provisions of the Regulatory Action D. Costs and Benefits of the Regulatory Action II. Authority III. Background Information A. Overview of Section 108(b) and Other CERCLA Provisions B. History of This Rulemaking C. Recent Litigation Under Section 108(b) D. Hardrock Mining Priority Notice E. Hardrock Mining Proposed Rule IV. Statutory and Record Support for This Final Rulemaking A. Statutory Interpretation B. Evaluation of the Administrative Record 1. Reports on Risk Posed by Hardrock Mining Facilities 2. Federal and State Regulatory Requirements a. Federal Environmental Statutes b. Federal Reclamation Laws c. Other Existing Regulatory Requirements 3. Risk of Payments From the Fund C. Comments Supporting a Final Rulemaking D. Comments Opposing a Final Rulemaking 1. Comments Regarding Appropriateness of Information Used a. Use of Information Not Relevant to the Mines To Be Regulated Under the Rule b. Use of Data That Did Not Directly Demonstrate Risk at Current Hardrock Mining Operations 2. Comments That EPA Failed To Consider Relevant Information a. 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Obstacles to Developing and Implementing Section 108(b) Financial Responsibility Requirements for Hardrock Mining Facilities A. Potential Disruption of State, Tribal, or Local Mining ***Programs*** B. Challenges To Determine the Level of Financial Responsibility C. Concerns Regarding Costs and Economic Impacts of the Proposed Rule 1. Overall Concerns Regarding Cost and Economic Impact 2. Concerns Particular to Impacts on Small Entities/Businesses D. Concerns Regarding Financial Responsibility Instrument Availability E. Challenges To Identify the Facility VII. Statutory and Executive Order Reviews A. Executive Order 12866: Regulatory ***Planning*** and Review and Executive Order 13563: Improving Regulation and Regulatory Review B. Executive Order 13771: Reducing Regulation and Controlling Regulatory Costs C. Paperwork Reduction Act D. Regulatory Flexibility Act E. Unfunded Mandates Reform Act F. Executive Order 13132: Federalism G. Executive Order 13175: Consultation and Coordination With Indian Tribal Governments H. Executive Order 13045: Protection of Children From Environmental Health and Safety Risks I. Executive Order 13211: Actions That Significantly Affect Energy Supply, Distribution, or Use J. National Technology Transfer and Advancement Act K. Executive Order 12898: Federal Actions To Address Environmental Justice in Minority Populations and Low-Income Populations L. Congressional Review Act I. Executive Summary A. Overview EPA is announcing its decision on its proposed regulations for financial responsibility requirements applicable to hardrock mining facilities that were published on January 11, 2017. EPA has decided not to issue final regulations because the Agency has determined that final regulations are not appropriate. This decision is based on EPA's interpretation of the statute and analysis of its record developed for this rulemaking. EPA has analyzed the need for financial responsibility based on risk of taxpayer funded cleanups at hardrock mining facilities operating under modern management practices and modern environmental regulations, i.e , the type of facilities to which financial responsibility regulations would apply. That risk is identified by examining the management of hazardous substances at such facilities, as well as by examining federal and state regulatory controls on that management and federal and state financial responsibility requirements. With that focus, the record demonstrates that, in the context of CERCLA section 108(b), the degree and duration of risk associated with the modern production, transportation, treatment, storage or disposal of hazardous substances by the hardrock mining industry does not present a level of risk of taxpayer funded response actions that warrant imposition of financial responsibility requirements for this sector. This determination reflects EPA's interpretation of the statute, EPA's evaluation of the record for the proposed rule, and the public comment received by EPA. [[Page 7557]] The decision not to issue final regulations will address the concerns of those federal and state regulators and members of the regulated community who commented that the proposed requirements were unnecessary and would, therefore, impose an undue burden on the regulated community. This decision will provide assurance to state regulators who were concerned that the proposed requirements would be disruptive of state mining ***programs***. This decision also will address the information provided by the insurance industry regarding the lack of availability of financial instruments that meet the requirements of section 108(c)(2). This decision is based on the record for this rulemaking, and does not affect the process for site-specific risk determinations, or determinations of the need for a particular CERCLA response, at individual sites, nor does this decision affect EPA's authority to take appropriate CERCLA response actions. Decisions on risk under other environmental statutes would continue under those statutes. This final rulemaking is the Agency's final action on the proposed rule. B. Purpose of the Regulatory Action Section 108(b) of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), also known as Superfund, directs EPA to develop regulations that require classes of facilities to establish and maintain evidence of financial responsibility consistent with the degree and duration of risk associated with the production, transportation, treatment, storage, or disposal of hazardous substances. The statute further requires that the level of financial responsibility be established to protect against the level of risk the President, in his discretion, believes is appropriate, based on factors including the payment experience of the Fund. The President's authority under this section for non-transportation-related facilities has been delegated to the EPA Administrator.\1\ --------------------------------------------------------------------------- \1\ See E.O 12580, 52 FR 2923 (January 23, 1987). --------------------------------------------------------------------------- In a Federal Register notice dated July 28, 2009,\2\ EPA identified the classes of facilities within hardrock mining \3\ as the classes for which it would first develop financial responsibility requirements based on consideration of many factors, including factors unrelated to modern facilities, such as legacy contamination, and factors not demonstrating risk, in and of themselves, such as Toxic Release Inventory (TRI) reports under Superfund Amendments and Reauthorization Act of 1986 (SARA) section 313. --------------------------------------------------------------------------- \2\ Identification of Priority Classes of Facilities for Development of CERCLA Section 108(b) Financial Responsibility Requirements, 74 FR 37213, July 28, 2009. \3\ For purposes of this final rulemaking, EPA includes within the term ``hardrock mining'' the facilities included in the definition of that term developed for purposes of the Priority Notice, that is, facilities that extract, beneficiate, or process metals (e.g , copper, gold, iron, lead, magnesium, molybdenum, silver, uranium, and zinc), and non-metallic non-fuel minerals (e.g , asbestos, gypsum, phosphate rock, and sulfur). --------------------------------------------------------------------------- On January 11, 2017, the Agency published proposed financial responsibility requirements applicable to hardrock mining facilities.\4\ The proposal identified two goals for section 108(b) regulations--the goal of providing funds to address CERCLA liabilities at sites, and the goal of creating incentives for sound practices that will minimize the likelihood of need for a future CERCLA response. As discussed below, EPA now believes that these goals have been met for the hardrock mining classes of facilities. --------------------------------------------------------------------------- \4\ Financial Responsibility Requirements Under CERCLA Section 108(b) for Classes of Facilities in the Hardrock Mining Industry, 82 FR 3388, January 11, 2017. --------------------------------------------------------------------------- The proposal identified for public comment a range of options and supporting information, as described in the proposed rule preamble.\5\ The proposed rule set forth, in proposed 40 CFR part 320, subparts A through C, requirements for a comprehensive financial responsibility ***program*** under section 108(b) that would be applicable to hardrock mining facilities as well as to future industry sectors for which requirements under section 108(b) are later developed. In addition, the proposed rule set forth, in proposed part 320, subpart H, requirements specifically applicable to hardrock mining facilities. --------------------------------------------------------------------------- \5\ See 82 FR 3388, January 11, 2017. --------------------------------------------------------------------------- EPA provided information and analysis demonstrating releases and potential releases of hazardous substances at hardrock mining facilities. EPA also discussed the relationship of section 108(b) to other federal law and to state law.\6\ However, despite making a commitment to do so in the notice entitled ``Identification of Priority Classes of Facilities for Development of CERCLA Section 108(b) Financial Responsibility Requirements'' (2009 Priority Notice), published on July 28, 2009, in the development of the proposed rule the Agency did not consider other federal and state ***programs*** when determining the need for section 108(b) regulations.\7\ Instead, the proposed rule would have considered other ***programs*** only after financial responsibility requirements are imposed, as a means to reduce such requirements. EPA now believes that it is appropriate to consider such ***programs*** at the outset, when evaluating both the degree and duration of risk associated with the production, transportation, treatment, storage, or disposal of hazardous substances as well as when evaluating the risk of taxpayer financed response costs. --------------------------------------------------------------------------- \6\ 82 FR 3402-03 (concluding that section 108(b) applies even when a facility is subject to financial responsibility requirements under federal law). \7\ 74 FR 37219 and n. 50. --------------------------------------------------------------------------- EPA's final action on the proposed rule is a decision not to promulgate it.\8\ As explained below, EPA has reconsidered whether the rulemaking record supports the proposed rule in light of the Agency's interpretation of the statute, the Agency's evaluation of the record, and the information and data received through public comment. As a result of this reconsideration, EPA has determined that the rulemaking record it assembled does not support imposing financial responsibility requirements under section 108(b) on current hardrock mining operations. This determination is based on information in the record on the degree and duration of risk posed by modern production, transportation, treatment, storage or disposal of hazardous substances at mining sites operating under modern regulations that demonstrates that financial responsibility requirements are not necessary to address the risk of taxpayer financed response actions at hardrock mines. EPA has reconsidered its assessment of the risks posed by hardrock mining operations presented in the proposed rule, and determined that that assessment did not adequately consider the degree to which existing federal and state regulatory ***programs*** and improved mining practices at modern mines reduce the risk that there would be unfunded response liabilities at currently operating mines. Furthermore, EPA notes that even under the analysis in the proposed rule, the [[Page 7558]] projected level of risk of EPA-funded response actions was relatively low ($15 to $15.5 million per year), and was significantly less than the projected cost to industry of providing the additional financial responsibility that would have been required by the proposed rule ($111-$171 million per year). --------------------------------------------------------------------------- \8\ EPA has made editorial changes to this document from the prepublication version, including replacing various references to the action being a ``final rule,'' in accordance with the Office of the Federal Register's (OFR) interpretations of its implementing regulations (1 CFR 5.9 and parts 21 and 22), the Federal Register Act (44 U.S.C chapter 15) and Document Drafting Handbook. OFR regulations, however, expressly disclaim a legal effect from these publication requirements. ``In prescribing regulations governing headings, preambles, effective dates, authority citations, and similar matters of form, the Administrative Committee does not intend to affect the validity of any document that is filed and published under law.'' 1 CFR 5.1(c). Accordingly, these editorial changes do not affect the legal status of the action as a final regulation under CERCLA. --------------------------------------------------------------------------- The Agency's decision that a section 108(b) rule for the hardrock mining industry is not appropriate relies on the record developed for this rulemaking as well as information submitted by commenters on three key points, which in combination demonstrate significantly reduced risk at current hardrock mining operations: (1) The reduction in risks due to the requirements of existing federal and state mining ***programs*** and voluntary protective practices of current hardrock mining owners and operators, (2) the reduced costs to the taxpayer resulting from effective hardrock mining ***programs***, enforcement actions, and owner or operator responses, including financial assurance requirements pursuant to these other ***programs***, and (3) the resulting reduction in the risk of the need for federally financed response actions at hardrock mines. The record thus evaluated also supports EPA's determination that federal and state regulation and practices at modern facilities reduce the risks posed by operating facilities and, therefore, the imposition of section 108(b) financial responsibility requirements is not appropriate. This determination also addresses concerns regarding disruption and duplication of state and federal financial responsibility requirements, the difficulty in tailoring financial responsibility to a specific level of risk, as well as concerns raised by the financial industry regarding challenges in providing financial instruments that meet the requirements of the statute and the proposed rule. As discussed below, the proposed rule created the potential for the preemption of state financial responsibility requirements. In addition, EPA acknowledges that the formula through which EPA had proposed to determine the level of financial assurance relied on information unrelated to risks of taxpayer financed costs posed by the current facilities to which the proposed rule would apply. Finally, as discussed below, members of the financial industry commented that section 108(c)(2), which allows direct claims against a guarantor providing evidence of financial responsibility, is at odds with relevant commercial law and practice and would significantly deter the financial industry from providing such instruments and services. This final rulemaking does not affect, limit, or restrict EPA's authority to take a response action or enforcement action under CERCLA at any individual hardrock mining facility, including the currently operating facilities described elsewhere in this final rulemaking and in the Technical Support Document for this final rulemaking,\9\ and to include requirements for financial responsibility as part of such response action. The set of facts in the rulemaking record related to the individual facilities discussed in this final rulemaking support the Agency's decision not to issue financial responsibility requirements under section 108(b) for currently operating hardrock mining facilities as a class, but a different set of facts could demonstrate a need for a CERCLA response at those sites. This final rulemaking also does not affect the Agency's authority under other authorities that may apply at hardrock mining facilities, such as the Clean Water Act (CWA), the Resource Conservation and Recovery Act (RCRA), the Clean Air Act (CAA), and the National Environmental Policy Act (NEPA). --------------------------------------------------------------------------- \9\ See: EPA, ``CERCLA Section 108(b) Hardrock Mining Final Rule Technical Support Document,'' December 1, 2017. --------------------------------------------------------------------------- C. Summary of the Major Provisions of the Regulatory Action EPA is not requiring evidence of financial responsibility under section 108(b) at hardrock mining facilities in this action. Thus, there are no regulatory provisions associated with this final action. D. Costs and Benefits of the Regulatory Action The Regulatory Impact Analysis for the proposed rule demonstrated that the projected level of taxpayer liability that would have been avoided by the proposed rule was relatively small, and that the costs of meeting the proposed financial responsibility requirements were an order of magnitude greater than the costs avoided by the federal government as a result of such requirements. EPA is not requiring evidence of financial responsibility under section 108(b) at hardrock mining facilities in this action. EPA therefore has not conducted a Regulatory Impact Analysis for this action. II. Authority This final rulemaking is issued under the authority of sections 101, 104, 108 and 115 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C 9601, 9604, 9608 and 9615, and Executive Order 12580. 52 FR 2923, 3 CFR, 1987 Comp., p. 193. III. Background Information A. Overview of Section 108(b) and Other CERCLA Provisions CERCLA, as amended by the Superfund Amendments and Reauthorization Act of 1986 (SARA), establishes a comprehensive environmental response and cleanup ***program***. Generally, CERCLA authorizes EPA \10\ to undertake removal or remedial actions in response to any release or threatened release into the environment of ``hazardous substances'' or, in some circumstances, any other ``pollutant or contaminant.'' As defined in CERCLA section 101, removal actions include actions to ``prevent, minimize, or mitigate damage to the public health or welfare or to the environment,'' and remedial actions are ``actions consistent with [a] permanent remedy[.]'' Remedial and removal actions are jointly referred to as ``response actions.'' CERCLA section 111 authorizes the use of the Superfund Trust Fund (the Fund) established under title 26, United States Code, including financing response actions undertaken by EPA. In addition, CERCLA section 106 gives EPA \11\ authority to compel action by liable parties in response to a release or threatened release of a hazardous substance that may pose an ``imminent and substantial endangerment'' to public health or welfare or the environment. --------------------------------------------------------------------------- \10\ Although Congress conferred the authority for administering CERCLA on the President, most of that authority has since been delegated to EPA. See Exec. Order No. 12580, 52 FR 2923 (Jan. 23, 1987). The executive order also delegates to other federal agencies specified CERCLA response authorities at certain facilities under their ``jurisdiction, custody or control.'' This can include CERCLA authorities at mines located on federal lands under the jurisdiction of BLM and the Forest Service. \11\ CERCLA sections 106 and 122 authority is also delegated to other federal agencies in certain circumstances. See Exec. Order No. 13016, 61 FR 45871 (Aug. 28, 1996). --------------------------------------------------------------------------- CERCLA section 107 imposes liability for response costs on a variety of parties, including certain past owners and operators, current owners and operators, and certain transporters of hazardous substances. Such parties are liable for any costs of removal or remedial action incurred by the federal government, so long as the costs incurred are ``not inconsistent with the national contingency ***plan***,'' (NCP).\12\ Section 107 also imposes liability for natural resource damages and health assessment costs.\13\ As has been the case since [[Page 7559]] CERCLA's enactment, these provisions of CERCLA are available according to their terms, to the federal government and other parties, regardless of whether an owner or operator has provided evidence of financial responsibility under section 108(b). --------------------------------------------------------------------------- \12\ See CERCLA section 107 (a)(4)(A). \13\ See CERCLA section 107 (a)(4)(C)-(D). --------------------------------------------------------------------------- In accordance with CERCLA, in 1990 EPA issued the current version of the NCP.\14\ These regulations provide the organizational structure and procedures for preparing for, and responding to, discharges of oil and releases of hazardous substances, pollutants, and contaminants. The NCP is codified at 40 CFR part 300. Among other provisions, the NCP provides procedures for hazardous substance response including site evaluation, removal actions, remedial investigation/feasibility studies (RI/FS), remedy selection, remedial design/remedial action (RD/RA), and operation and maintenance.\15\ The NCP also designates federal, state, and tribal trustees for natural resource damages, and identifies their responsibilities under the NCP.\16\ Under the NCP, EPA undertakes response actions that address or prevent risk to human health and the environment from the release of hazardous substances, pollutants or contaminants. A determination whether a release of hazardous substances, pollutants or contaminants presents a risk to be addressed under other sections of CERCLA or under other law is a separate determination from whether under section 108(b) risk associated with the management of hazardous substances at current hardrock mining operations warrants imposition of financial responsibility requirements. Nothing in this final action restricts EPA's other authorities. The Agency's decision not to issue final regulations under section 108(b) applicable to hardrock mining facilities does not change or substitute for EPA's procedures for site-specific evaluations of risk, and for determining the need for response, in accordance with the NCP. --------------------------------------------------------------------------- \14\ See 55 FR 8666, March 8, 1990. \15\ See 40 CFR part 300, subpart E. \16\ See 40 CFR part 300, subpart G. --------------------------------------------------------------------------- Section 108(b) establishes an authority to require owners and operators of classes of facilities to establish and maintain evidence of financial responsibility. Section 108(b)(1) directs EPA to develop regulations requiring owners and operators of facilities (in addition to those under Subtitle C of the Solid Waste Disposal Act and other federal law) to establish evidence of financial responsibility ``consistent with the degree and duration of risk associated with the production, transportation, treatment, storage, or disposal of hazardous substances.'' In turn, section 108(b)(2) directs that the level of financial responsibility shall be initially established, and, when necessary, adjusted to protect against the level of risk that EPA in its discretion believes is appropriate based on the payment experience of the Fund, commercial insurers, courts settlements and judgments, and voluntary claims satisfaction. Section 108(b)(2) does not, however, preclude EPA from considering other factors in addition. The statute prohibited promulgation of such regulations before December 1985. In addition, section 108(b)(1) provides for publication within three years of the date of enactment of CERCLA of a ``priority notice'' identifying the classes of facilities for which EPA would first develop financial responsibility requirements. It also directs that priority in the development of requirements shall be accorded to those classes of facilities, owners, and operators that present the highest level of risk of injury. B. History of This Rulemaking In November 2003, EPA initiated a study of the Superfund ***program***, commonly referred to as the ``120 Day Study.'' \17\ This ``120 Day Study'' resulted in more than 100 recommendations. In 2005, EPA initiated an Action ***Plan*** for implementing the recommendations of the 120-Day Study of the Superfund ***Program***. Under that ***plan***, EPA conducted an analysis to determine whether action under section 108(b) was appropriate (Recommendation 12). This analysis resulted in two detailed studies specifically designed to help identify classes of facilities for priority consideration under section 108(b), carried out from 2006 through 2008. The report of these studies, labeled ``draft'' and dated February 2009, are titled: ``CERCLA 108(b) Financial Responsibility, Phase 1: Preliminary Analysis'' (hereinafter Phase 1 Report) and ``CERCLA 108(b) Financial Responsibility, Phase 2 Preliminary Analysis'' (hereinafter Phase 2 Report).\18\ Another analysis,\19\ referred to as the 40 TSD Study, also recommended by the 120-Day Study (Recommendations 10 and 11), on the sufficiency of financial assurance requirements imposed on hazardous waste treatment, storage, and disposal (TSD) facilities regulated under RCRA also provides relevant information. --------------------------------------------------------------------------- \17\ See Superfund: Building on the Past, Looking to the Future (Washington DC: April 22, 2004), EPA-HQ-SFUND-2015-0781-0501. \18\ EPA-HQ-SFUND-2009-0265-0019 and EPA-HQ-SFUND-2009-0265- 0020. \19\ See ``Analysis of 40 Potential TSDs: Potential RCRA Treatment, Storage, and Disposal Facilities Proposed to the Superfund National Priority List after 1990,'' Office of Solid Waste, January 19, 2007. --------------------------------------------------------------------------- In the Phase 1 and Phase 2 analyses, EPA interpreted the financial responsibility requirements of section 108(b) to apply to currently operating facilities and current or future risks. Accordingly, in the analyses performed from 2006 through 2008, the Agency attempted to exclude historic practices and legacy contamination resulting from such practices by using 1990 as a date to distinguish between modern and legacy practices. The Agency stated that it used 1990 because by that date most of the regulations under RCRA relating to management of hazardous waste had been promulgated. This approach was consistent with the 40 TSD study, which excluded facilities proposed to the National Priorities List (NPL) before 1990 to exclude facilities with legacy contamination that predated the RCRA hazardous waste regulatory ***program***. However, because EPA determined in 1986 under section 3001(b)(3)(C) of RCRA that solid waste from the extraction and beneficiation of ores and minerals do not present sufficient risk to warrant regulation under subtitle C of RCRA,\20\ 1990 is not a precise date for the advent of modern regulation of mining. As discussed below, commenters noted that state and federal mining regulations developed over a period of time. For mining regulated under state law, commenters suggest the mid-1990s represent the advent of modern mining regulation.\21\ --------------------------------------------------------------------------- \20\ 51 FR 24496 (July 3, 1986). \21\ State mining laws are discussed below. --------------------------------------------------------------------------- In 2009, the Agency changed its interpretation of the statute. A July 2, 2009, memorandum attached to the Phase 1 and Phase 2 reports states that EPA decided that the reports were deficient because they excluded sites listed on the NPL before 1990. Accordingly, EPA did not finalize the reports and did not proceed to an analysis of the federal and state regulatory requirements and the modern practices of any specific industry sector.\22\ Instead, in a Federal Register notice dated July 28, 2009,\23\ EPA identified certain classes of facilities within the hardrock mining sector as the classes for which it would first develop financial responsibility requirements. [[Page 7560]] EPA based that identification on consideration of many factors, including factors unrelated to risk posed by the production, transportation, treatment, storage, and disposal of hazardous substances at facilities that would be regulated under the proposed rule, such as legacy contamination, and non-risk based information, such as Toxic Release Inventory reports under SARA section 313. This notice represented a substantial departure from previous EPA interpretation of the statute to exclude legacy activities when determining the need for financial responsibility requirements under section 108(b).\24\ -----

---------------------------------------------------------------------- \22\ EPA-HQ-SFUND-2009-0265-0019 and EPA-HQ-SFUND-0265-0020. \23\ Identification of Priority Classes of Facilities for Development of CERCLA Section 108(b) Financial Responsibility Requirements, 74 FR 37213, July 28, 2009. \24\ Compare EPA's Phase I and Phase II reports (EPA-HQ-SFUND- 2009-0265-0019 and EPA-HQ-SFUND-0265-0020) to 74 FR 37213. --------------------------------------------------------------------------- In the 2009 Priority Notice, EPA identified hardrock mining facilities as a priority without considering the impacts of modern federal and state regulations. Instead, EPA stated: ``EPA will carefully examine specific activities, processes, and/or metals and minerals in order to determine what proposed financial responsibility requirements may be appropriate. As part of this process, EPA will conduct a close examination and review of existing Federal and State authorities, policies, and practices that currently focus on hardrock mining activities.'' \25\ --------------------------------------------------------------------------- \25\ 74 FR 37219. --------------------------------------------------------------------------- On January 11, 2017, the Agency published proposed financial responsibility requirements applicable to hardrock mining facilities.\26\ The proposed rule adopted two goals for section 108(b) regulations--to provide funds to address CERCLA liabilities at sites, and to create incentives for sound practices that will minimize the likelihood of need for a future CERCLA response. --------------------------------------------------------------------------- \26\ 82 FR 3388 (January 11, 2017). --------------------------------------------------------------------------- The proposal identified for public comment a range of options and supporting information, as described in the proposed rule preamble. The proposed rule set forth, in proposed part 320, subparts A through C, requirements for a comprehensive financial responsibility ***program*** under section 108(b) that would be applicable to hardrock mining facilities, as well as to future industry sectors for which requirements under section 108(b) are later developed. In addition, the proposed rule set forth, in proposed part 320, subpart H, requirements specifically applicable to hardrock mining facilities. The proposed rule provided information and analyses on releases and potential releases of hazardous substances at hardrock mining facilities. The proposed rule identified several classes of hardrock mining facilities that were excluded from the financial responsibility requirements because they involved a lower risk, and sought comment on whether additional classes should be excluded from the scope of a final rule.\27\ The proposed rule also discussed the relationship of section 108(b) to other federal law and to state law.\28\ However, contrary to the commitment made in the 2009 Priority Notice, the proposed rule did not consider reductions in risk as a result of such laws when determining the need for financial responsibility requirements. Instead, the proposed rule would have established such requirements at a level based on the activities already covered by reclamation bonds as well as the cost of cleaning up historic mining sites and then, based on information provided by the facility, would have allowed reductions in the amount of financial responsibility,\29\ or release from the requirement for financial responsibility entirely.\30\ --------------------------------------------------------------------------- \27\ 82 FR 3456-59; Hoffman Memo, ``Mining Classes Not Included in Identified Classes of Hardrock Mining,'' June 2009. See 82 FR 3455 n. 145. See exclusions from the rule at proposed 40 CFR 320.60(a)(2). EPA solicited comments on whether to identify additional exclusions based on a finding of minimal risk, citing iron ore, phosphates and uranium mines as examples. 82 FR 3456. \28\ 82 FR 3402-03. \29\ Proposed 40 CFR 320.63 \30\ Proposed 40 CFR 320.27 --------------------------------------------------------------------------- EPA received over 11,000 public comment submissions on the proposed rule. Other federal agencies, state agencies, and industry representatives overwhelmingly opposed financial responsibility requirements under section 108(b) for the hardrock mining industry. Environmental groups urged adoption of the proposed rule. EPA also received a large number of identical comments from individuals through multiple letter-writing campaigns, advocating both for and against adoption of the rule. Among other concerns, commenters objecting to the proposed rule expressed the view that the Agency's assessment of the information relating to risks posed by hardrock mining operations as presented in the proposed rule was deficient because the Agency: (1) Relied on inappropriate evidence, such as data that did not demonstrate risk, and evidence not relevant to the facilities to be regulated under the rule; and (2) failed to consider relevant evidence, such as the role of federal and state mining ***programs*** and voluntary protective mining practices in reducing risks at current \31\ hardrock mining operations, and the reduced costs to the taxpayer resulting from effective hardrock mining ***programs***, including existing financial responsibility requirements, and owner or operator responses. --------------------------------------------------------------------------- \31\ A discussion of which mining operations are considered ``current'' or ``modern'' can be found in section IV.D.1 of this final rulemaking. --------------------------------------------------------------------------- EPA has considerable discretion under the statute and, as explained below, has reconsidered whether the rulemaking record supports the proposed rule in light of EPA's interpretation of the statute, review of the record, and the information and data received through public comment. As a result, EPA has determined that the assessment of the information relating to risks posed by hardrock mining operations as presented in the proposed rule was not supported by the record. This reassessment relies on the information in the record on three key points: (1) The reduction in risks due to the requirements of existing federal and state mining ***programs*** and protective practices of current hardrock mining owners and operators, (2) the reduced costs to the taxpayer resulting from effective hardrock mining ***programs***, including existing financial responsibility requirements, and owner or operator responses, and (3) the resulting reduction in the risk of the need for federally financed response actions at hardrock mines. C. Recent Litigation Under Section 108(b) On March 11, 2008, Sierra Club, Great Basin Resource Watch, Amigos Bravos, and Idaho Conservation League filed a suit against then EPA Administrator Steven Johnson and then Secretary of the U.S Department of Transportation Mary E. Peters, in the U.S District Court for the Northern District of California. Sierra Club, et al. v. Johnson, No. 08-01409 (N.D Cal.). On February 25, 2009, that court ordered EPA to publish the Priority Notice required by section 108(b)(1) later that year. The court later dismissed the remaining claims.\32\ --------------------------------------------------------------------------- \32\ See Sierra Club v. Johnson, 2009 U.S Dist. LEXIS 68436 (N.D Cal. Aug. 5, 2009). --------------------------------------------------------------------------- EPA continued to work on a proposed rule for the next several years. However, developing a regulation that meets the statutory requirements presented a significant challenge.\33\ Dissatisfied with the pace of EPA's progress, in August 2014, the Idaho Conservation League, Earthworks, Sierra Club, Amigos Bravos, [[Page 7561]] Great Basin Resource Watch, and Communities for a Better Environment filed a new lawsuit in the U.S Court of Appeals for the District of Columbia Circuit, seeking a writ of mandamus requiring issuance of section 108(b) financial responsibility rules for the hardrock mining industry and for three other industries--chemical manufacturing; petroleum and coal products manufacturing; and electric power generation, transmission, and distribution.\34\ Companies and organizations representing business interests in the hardrock mining and other sectors also sought to intervene in the case. --------------------------------------------------------------------------- \33\ See the discussion regarding instrument availability in section IV., and the discussions in section VII of some of the obstacles to developing a rule under section 108(b). \34\ In re: Idaho Conservation League, et al., No. 14-1149. --------------------------------------------------------------------------- Following oral argument, the court issued an Order in May 2015 requiring the parties to submit, among other things, supplemental submissions addressing a schedule for further administrative proceedings under section 108(b). The Court's May 19, 2015 Order encouraged the parties to confer regarding a schedule and, if possible, to submit a jointly agreed upon proposal. Petitioners and EPA agreed to a schedule calling for the Agency to sign for publication in the Federal Register a proposed rule for the hardrock mining industry by December 1, 2016, and a notice of its final action on the proposal by December 1, 2017. The parties submitted this schedule to the court, and on January 29, 2016, the court granted the parties' joint motion and issued an order that mirrored the submitted schedule in substance.\35\ With this action the Agency has now satisfied both of these obligations. --------------------------------------------------------------------------- \35\ In re Idaho Conservation League, 811 F.3d 502. --------------------------------------------------------------------------- D. Hardrock Mining Priority Notice As described above, section 108(b)(1) requires the President to identify those classes of facilities for which requirements will be first developed and to publish notice of such identification in the Federal Register. On July 28, 2009, EPA issued a ``Priority Notice'' entitled ``Identification of Priority Classes of Facilities for Development of Section 108(b) Financial Responsibility Requirements.'' \36\ In the 2009 Priority Notice, EPA explained how it then chose to evaluate indicators of risk and its related effects, to inform its decision on the classes of facilities for which it would first develop requirements.\37\ The 2009 Priority Notice pointed to eight factors that EPA considered,\38\ and stated that its review of those factors and the associated information in the docket led the Agency to conclude that hardrock mining facilities present the type of risk that, in light of its evaluation, justified them being the first for which EPA would develop section 108(b) requirements.\39\ The 2009 Priority Notice satisfied the notice requirement in section 108(b)(1). --------------------------------------------------------------------------- \36\ See 74 FR 37213 (July 28, 2009). \37\ See Id. at 37214. \38\ These eight factors were: (1) Annual amounts of hazardous substances released to the environment; (2) the number of facilities in active operation and production; (3) the physical size of the operation; (4) the extent of environmental contamination; (5) the number of sites on the CERCLA site inventory (including both NPL sites and non-NPL sites); (6) government expenditures; (7) projected cleanup expenditures; and (8) corporate structure and bankruptcy potential (74 FR 37214, July 28, 2009). \39\ Id. --------------------------------------------------------------------------- E. Hardrock Mining Proposed Rule On January 11, 2017, EPA proposed requirements in a new 40 CFR part 320 that owners and operators of hardrock mining facilities subject to the rule demonstrate and maintain financial responsibility as specified in the proposed rule. The proposed rule identified two goals for section 108(b) regulations--the goal of providing funds to address CERCLA liabilities at sites, and the goal of creating incentives for sound practices that will minimize the likelihood of need for a future CERCLA response. The proposed rule explained that first, when releases of hazardous substances occur, or when a threat of release of hazardous substances must be averted, a Superfund response action may be necessary. Therefore, the costs of such response actions can fall to the taxpayer if parties responsible for the release or potential release of hazardous substances are unable to assume the costs.\40\ Second, the likelihood of a CERCLA response action being needed, as well as the costs of such a response action, are likely to be higher where protective management practices were not utilized during facility operations.\41\ --------------------------------------------------------------------------- \40\ The proposed rule discussion acknowledged the existence of federal and state financial responsibility requirements but took the position that they do not duplicate CERCLA financial responsibility requirements. 83 FR 3402. For example, the proposed rule claimed that state regulations include but are not limited to hazardous substance releases. 83 FR 3403. \41\ As discussed below, the Agency now believes that protective management practices must be considered when determining the need for financial responsibility requirements. --------------------------------------------------------------------------- The proposed rule discussed information assembled by EPA in the record for the action, which, as discussed below, included information on legacy practices and legacy contamination, as well as information not related to risk. Based on that record, EPA had proposed to presume that hardrock mining facilities as a class present the type of risks that section 108(b) addresses. The proposed rule then proceeded to establish a methodology to determine a level of financial responsibility in accordance with a proposed formula. The formula then allowed adjustments to the level of those requirements if a facility could demonstrate site specific conditions that rebut the presumption that the hardrock mining facilities that would be regulated under the rule pose a risk.\42\ --------------------------------------------------------------------------- \42\ See proposed 40 CFR 320.63 --------------------------------------------------------------------------- EPA proposed limiting the applicability of the rule to owners and operators of facilities that are authorized to operate or should be authorized to operate on the effective date of the rule (hereinafter referred to as ``current hardrock mining operations'').\43\ EPA explained its interpretation of the statute on this issue.\44\ The proposed rule also relied, in part, on the grounds that these owners and operators are more likely to further the regulatory goals of section 108(b) requirements than are owners and operators of facilities that are closed or abandoned. EPA also proposed limiting the applicability of the rule to current hardrock mining operations because those facilities are readily identifiable and, since they are ongoing concerns, they are more likely to be able to obtain the kind of financial responsibility necessary under the regulation.\45\ EPA continues to believe that this focus upon current hardrock mining operations is appropriate. --------------------------------------------------------------------------- \43\ See proposed 40 CFR 320.2 \44\ 82 FR 3404-05. \45\ The proposed rule also excluded 55 specific substances (see footnote 25 infra). --------------------------------------------------------------------------- IV. Statutory and Record Support for This Final Rulemaking A. Statutory Interpretation Section 108(b) provides EPA only general instructions in paragraphs (b)(1) and (b)(2), on how to determine what financial responsibility requirements to impose for a particular class of facility. Section 108(b)(1) directs EPA to develop regulations requiring owners and operators of facilities to establish evidence of financial responsibility ``consistent with the degree and duration of risk associated with the production, transportation, treatment, storage, or disposal of hazardous substances. Section 108(b)(2) directs that the level of financial responsibility shall be initially established, and, when necessary, adjusted to protect against the level of risk that EPA in its discretion believes is appropriate based on the payment experience of the Fund, commercial insurers, courts settlements [[Page 7562]] and judgments, and voluntary claims satisfaction. Section 108(b)(2) does not indicate that this list of factors is exclusive. Read together, it is clear that the statutory language on determining the degree and duration of risk presented by a class, and in setting the level of financial responsibility as it determines is appropriate, confers a significant amount of discretion upon the Agency. EPA discusses these key phrases in turn below. Section 108(b)(1) directs EPA to develop regulations requiring owners and operators of classes of facilities that EPA identifies, to establish evidence of financial responsibility ``consistent with the degree and duration of risk associated with the production, transportation, treatment, storage, or disposal of hazardous substances.'' Thus, the statute indicates that EPA is to evaluate risk from a selected class. However, EPA does not interpret this direction to require a precise calculation of risk associated with the selected classes of facilities. Standard dictionary definitions of the term ``consistent'' include merely ``being in agreement'' or ``compatible.'' \46\ Moreover, section 108(b) requirements are necessarily imposed in the absence of any response action, although it is through such response actions that the precise level of risk associated with a particular site is ascertained. The statute thus confers upon EPA wide latitude to determine, for purposes of a section 108(b) rulemaking proceeding, what the degree and duration of risk presented by the identified class is. Section 108(b)(2) in turn directs that the level of financial responsibility shall be initially established, and, when necessary, adjusted to protect against the level of risk that EPA in its discretion believes is appropriate based on the payment experience of the Fund, commercial insurers, courts settlements and judgments, and voluntary claims satisfaction. This statutory direction does not specify a particular methodology for the evaluation, indicating simply that the level of financial responsibility be established to protect against the level of risk that EPA ``in [its] discretion believes is appropriate.'' Thus, this decision is committed to the discretion of the Administrator. While the statute does provide a list of information sources in section 108(b)(2) on which EPA is to base its decision--the payment experience of the Superfund, courts settlements and judgments, and voluntary claims satisfaction--that list is not exclusive, nor does the statute specify how the information from these sources is to be used, for example, by indicating how the categories are to be weighted relative to one another. As discussed elsewhere in this final rulemaking and in the Technical Support Document, the record and comments received by EPA, provide details about the payment history of the Fund, experience with enforcement actions and court settlements resulting in operational changes, and voluntary actions by companies to reduce risks at specific sites that were used by the Administrator in his judgement to evaluate the risks from current hardrock mining operations. EPA has, therefore, taken multiple considerations into account, including information in these categories which, taken together, inform the exercise of its statutory discretion. --------------------------------------------------------------------------- \46\ 301 Webster's II New Riverside University Dictionary (1988). --------------------------------------------------------------------------- Among the types of information the statute authorizes EPA to consider are the existence of federal and state regulations and financial responsibility requirements. Section 108(b)(1) directs EPA to promulgate financial responsibility requirements ``for facilities in addition to those under subtitle C of the Solid Waste Disposal Act and other Federal law.'' According to the 1980 Senate Report on legislation that was later enacted as CERCLA, Congress felt it was appropriate for EPA to examine those additional requirements when evaluating the degree and duration of risk: The bill requires also that facilities maintain evidence of financial responsibility consistent with the degree and duration of risks associated with the production, transportation, treatment, storage, and disposal of hazardous substances. These requirements are in addition to the financial responsibility requirements promulgated under the authority of section 3004(6) of the Solid Waste Disposal Act. It is not the intention of the Committee that operators of facilities covered by section 3004(6) of that Act be subject to two financial responsibility requirements for the same dangers.\47\ \47\ S. Rept. 96-848 (2d Sess, 96th Cong.), at 92. --------------------------------------------------------------------------- While the report language addresses section 3004(6) of RCRA specifically, EPA believes that it is consistent with Congressional intent for EPA to consider other potentially duplicative Federal financial responsibility requirements when examining the ``degree and duration of risk'' or the ``level of risk'' when determining whether and what financial responsibility requirements are appropriate. EPA also believes that it is consistent with Congressional intent for EPA to consider state laws before imposing federal financial responsibility requirements on facilities. Consideration of state laws before developing financial responsibility regulations is consistent with section 114(d) of CERCLA, which prevents states from imposing financial responsibility requirements for liability for releases of the same hazardous substances after a facility is regulated under section 108 of CERCLA. Just as Congress clearly intended to prevent states from imposing duplicative financial assurance requirements after EPA had acted to impose such requirements under Section 108, EPA believes it reasonable to also conclude that Congress did not mean for EPA to disrupt existing state ***programs*** that are already successfully regulating industrial operations to minimize risk, including the risk of taxpayer liability for response actions under CERCLA, and that specifically include appropriate financial assurance requirements under State law. Both reviews (of state and other Federal ***programs***) help to identify whether and at what level there is current risk that is appropriate to address under section 108 of CERCLA. EPA also believes that, when evaluating whether and at what level it is appropriate to require evidence of financial responsibility, EPA should examine information from hardrock mining facilities operating under modern conditions. These modern conditions include state and federal regulatory requirements and financial responsibility requirements that currently apply to operating facilities. This reading of section 108(b) is consistent with statements in the legislative history of the statute. The 1980 Senate Report states that the legislative language that became section 108(b) ``requires those engaged in businesses involving hazardous substances to maintain evidence of financial responsibility commensurate with the risk which they present.'' \48\ This reading of section 108(b) is also supported by testimony given by EPA before Congress during consideration of legislation that led to CERCLA. In 1979, Thomas C. Jorling, the EPA Assistant Administrator for Water and Waste Management, testified before a Senate subcommittee that new financial responsibility requirements in a hazardous substance liability law would be important to increase ``standards of care'' with respect to management of such substances. Mr. Jorling testified that this goal is not ``relevant'' to sites where ``it is already too late; emergency assistance and containment are [[Page 7563]] required.'' \49\ EPA notes that nothing in Mr. Jorling's testimony suggests that there are not other potential mechanisms, such as successful regulatory ***programs*** under state and other Federal laws, that can ensure appropriate ``standards of care.'' --------------------------------------------------------------------------- \48\ S. Rept. 96-848 (2d Sess, 96th Cong.), at 92. \49\ See Statement of Thomas C. Jorling, Assistant Administrator for Water and Waste Management, USEPA regarding S.1341/S.1480 (Sen. Comm. on Env't and Public Works, Subcommittees on Resource Protection and Environmental Pollution, June 20, 1979). --------------------------------------------------------------------------- This statutory interpretation was also reflected in the proposed rule. The proposed rule would have applied to currently operating facilities.\50\ As explained in the preamble to the proposal, EPA sought to document the extent to which hardrock mining facilities as a class continued to present risk associated with hazardous substance management.\51\ Moreover, this direction to identify requirements ``consistent with'' the risks found also led EPA to recognize that imposition of financial responsibility requirements under section 108(b) would not be necessary for facilities that present minimal current risks \52\ and to seek comment on whether other classes of facilities should be excluded.\53\ --------------------------------------------------------------------------- \50\ See proposed 40 CFR 320.2 and 82 FR 3404-05. \51\ See 82 FR 3470-80. \52\ See exclusions from the rule at proposed 40 CFR 320.60(a)(2), as well as the opportunity to obtain a release from financial responsibility requirements at proposed 40 CFR 320.27 Both were proposed based on an evaluation of the level of risk posed by the facilities. 82 FR 3455-59. \53\ 82 FR 3456. --------------------------------------------------------------------------- Despite its focus on currently operating facilities, the proposed rule relied on a record of releases of hazardous substances from facilities and payments to respond to such releases that does not present the same risk profile as the modern facilities to which the rule would apply.\54\ As a result, EPA has determined that the analysis of risk presented in the proposed rule is inconsistent with the scope of the proposed rule and EPA's intended approach under the statute. --------------------------------------------------------------------------- \54\ 82 FR 3460-61. --------------------------------------------------------------------------- The final rulemaking does not seek to rely on historical practices, many of which would be illegal under current environmental laws and regulations,\55\ to identify the degree and duration of risk posed by the facilities that would be subject to financial responsibility requirements. Instead, in this final rulemaking EPA has considered modern federal and state regulation of hazardous substance production, transportation, treatment, storage, or disposal at hardrock mining facilities. As discussed below, the record does not document significant risks associated with such facilities. Further, this final rulemaking does not rely on the cost of responding to historic mining activities and instead reflects the reduction in the risk of federally financed response actions at modern hardrock mining facilities that result from modern practices and modern regulation. With a few exceptions, discussed below, EPA has made minimal expenditures for modern hardrock mining operations. In addition, EPA engaged in significant discussions with, and received significant comments from, commercial insurers and other financial instrument providers. These providers have submitted information indicating that the availability of financial responsibility instruments would likely be limited for regulated entities, should EPA require companies to obtain them. Thus, to the extent that risks remain at current hardrock mining operations, the information provided by commenters has further convinced EPA that it is not appropriate to establish financial responsibility requirements on this class of facilities. --------------------------------------------------------------------------- \55\ See, for example, Clean Water Act effluent limitations applicable to mining, discussed below. --------------------------------------------------------------------------- Nor does EPA believe that issuing final financial responsibility requirements is necessary to achieve the stated goals of the proposed section 108(b) rules for hardrock mining, namely, the goal to increase the likelihood that regulated entities will provide funds necessary to address CERCLA liabilities if and when they arise, and the goal to create an incentive for sound practices. EPA's economic analysis showing that the proposed rule would avoid governmental costs of only $15-$15.5 million a year supports this conclusion. Based on these estimates, commenters objected that the projected annualized costs to industry ($111-$171 million) are an order of magnitude higher than the avoided costs to the government ($15-15.5 million) sought by the rule. Further, given the fact that federal and state laws, including potential liability under CERCLA, have already created an incentive for sound practices, promulgating financial responsibility regulations for hardrock mining facilities under section 108(b) also is not necessary to advance that goal. This final rulemaking is based on the record assembled for this action. This decision does not substitute for any site-specific determinations of risk made in the context of individual CERCLA site responses. Those decisions will continue to be made in accordance with preexisting procedures. EPA has reached these conclusions on the record for this rulemaking, including public comments. The major concerns raised by commenters are described below in Sections C and D. Section E below, and the Technical Support Document for this final rulemaking, discuss case examples in EPA's record that correspond to these major concerns. It should be noted that much of the public comment received on the proposed rule addressed specific provisions of the proposal. Because EPA has decided not to issue regulatory text under section 108(b) for hardrock mining facilities, or the general provisions in proposed subparts A through C, comments on specific regulatory provisions are outside the scope of this final rulemaking. B. Evaluation of the Administrative Record EPA has reevaluated the administrative record for this rulemaking regarding risk at current hardrock mining operations in light of its interpretation of the statute discussed above, and has determined that that record does not support the proposed rule and supports, instead, a final Agency action of no rule. This determination is based on an evaluation of the three primary reports that the proposed rule relied on to identify risk to be addressed by section 108(b): Evidence of CERCLA Hazardous Substances and Potential Exposures at Section 108(b) Mining and Mineral Processing Sites (hereinafter referred to as the ``Evidence Report''); Releases from Hardrock Mining Facilities (hereinafter referred to as the ``Releases Report''); and Comprehensive Report: An Overview of Practices at Hardrock Mining and Mineral Processing Facilities and Related Releases of CERCLA Hazardous Substances (hereinafter referred to as the ``Practices Report'').\56\ This determination also is based on EPA's consideration of the reduction of risk as a result of federal and state regulatory and financial assurance requirements. Finally, this determination is based on the record of payments from the Superfund Trust Fund to address hazardous substance releases from modern mining facilities. --------------------------------------------------------------------------- \56\ See Releases from Hardrock Mining Facilities, EPA-HQ-SFUND- 2015-0781-0497; Comprehensive Report: An Overview of Practices at Hardrock Mining and Mineral Processing Facilities and Related Releases of CERCLA Hazardous Substances, EPA-HQ-SFUND-2015-0781- 0144; and Evidence of CERCLA Hazardous Substances and Potential Exposures at Section 108(b) Mining and Mineral Processing Sites, EPA-HQ-SFUND-2015-0781-0505. --------------------------------------------------------------------------- [[Page 7564]] 1. Reports on Risks Posed by Hardrock Mining Facilities Evidence Report As described in the preamble to the proposed rule, the Evidence Report documents EPA's preliminary efforts from 2009-2012 to examine CERCLA site-specific documents for estimated exposures of human and ecological receptors to CERCLA hazardous substances from mining and mineral processing sites cleaned up under Superfund in the past. This report also collected available information on potential exposures of human and ecological receptors to CERCLA hazardous substances from mining and mineral processing sites that were operational in 2009 (the most current available data at the time the evaluation took place). The proposed rule relied on the following conclusions from the Evidence Report: Overall, the compiled information demonstrates that sites requiring cleanup under Superfund in the past, and sites operational in 2009 share characteristics related to the potential release of CERCLA hazardous substances and the exposure of human and ecological receptors, and illustrated the applicability of EPA's CERCLA experience to evaluating currently operating mines and processors.\57\ \57\ 82 FR 3475. --------------------------------------------------------------------------- Upon review, EPA has now determined that those conclusions are not supported by the information provided in the Evidence Report. Further, these conclusions are not a primary factor in determining the ``degree and duration of risk'' presented by currently operating mines under modern environmental regulations. As a result, the Evidence Report does not support a rulemaking under section 108(b). First, the Evidence Report compares releases of hazardous substances at 24 facilities on the NPL that continued to operate after 1980 (called post-1980 historical sites) to facilities operating in 2009. It does not specify whether or not 1980 can be considered a date by which mining facilities could be considered modern facilities subject to modern regulations. The report does not identify or consider whether the releases from the historical sites were due to pre-1980 activities and practices or whether the releases were caused by practices that are no longer typical of current mines. Instead, the report conflates risks posed by the historical facilities to risks posed by the 2009 facilities by comparing mining practices and contaminants of concern released at the facilities. When comparing mining practices, the report does not take into account the fact that by 2009, practices at mining facilities were already heavily regulated. For example, the effluent limitation for processes that use cyanide to extract gold or silver is zero discharge.\58\ --------------------------------------------------------------------------- \58\ See 40 CFR 440.100(d). --------------------------------------------------------------------------- When comparing contaminants of concern, the Evidence Report identifies contaminants of concern at the historic sites through CERCLA response action documentation.\59\ In contrast, at the 2009 operating sites, contaminants of concern are identified through reports of TRI releases and through discharge monitoring reports submitted pursuant to Clean Water Act permits.\60\ The report fails to acknowledge that the evidence presented regarding releases of hazardous substances from facilities operating in 2009 is not evidence of risk. ``TRI data do not reveal whether or to what degree the public is exposed to listed chemicals.'' \61\ Further, releases reported under Clean Water Act permits are regulated releases. The fact that the same hazardous substances may be present at historic modern hardrock mining facilities is simply a consequence of the type of ores and processes used at hardrock mines. The mere presence of hazardous substances is not equivalent to risk. Similarly, the existence of common environmental receptors at historic and modern mines is not determinative of risk. The presence of a receptor does not indicate that there are releases of hazardous substances at levels that cause risk. Rather, the primary determinant of risk is how current operations at the mine are conducted, including the current regulatory regime under which they operate. As documented in this final action, it is in this respect that most of the historic examples discussed in the proposed rule differ from the modern mines that would actually be subject to its requirements. --------------------------------------------------------------------------- \59\ Evidence Report, at 9. \60\ Evidence Report, at 17. \61\ See [*https://www.epa.gov/sites/production/files/2015-06/documents/factors\_to\_consider\_6.15.15\_final.pdf*](https://www.epa.gov/sites/production/files/2015-06/documents/factors_to_consider_6.15.15_final.pdf) --------------------------------------------------------------------------- Finally, the Evidence Report admits that the releases identified as a cause of past fund expenditures are now regulated under the Clean Air Act and RCRA.\62\ --------------------------------------------------------------------------- \62\ Evidence Report, at 55-56. --------------------------------------------------------------------------- As a result of these limitations, the Evidence Report fails to identify substantial risks associated with modern hardrock mining facilities and therefore does not support a rule that would impose financial responsibility requirements on the current hardrock mining sector. Releases Report and Practices Report Implicitly recognizing the limitations of the Evidence Report, as well as the inability to rely on reports that are decades old,\63\ EPA developed two additional reports to attempt to provide record support for a rule under section 108(b), the Releases Report and the Practices Report. --------------------------------------------------------------------------- \63\ See the 1992 and 1997 reports cited at 82 FR 3475. --------------------------------------------------------------------------- The Releases Report was intended to ``substantiate the ongoing existence of environmental risk from releases to the environment from hardrock mining and mineral processing operations in spite of improved regulation of and practices instituted by the hardrock mining and mineral processing industry.'' \64\ It purports to document releases from facilities ``that had no previous significant legacy mining issues.'' \65\ --------------------------------------------------------------------------- \64\ Releases Report, at 1. \65\ 82 FR 3471. --------------------------------------------------------------------------- The report lists sites that required CERCLA, CERCLA-like, and potential CERCLA actions, and describes the release and response narratively. However, the limitations of this report prevent it from supporting a determination that requirements under section 108(b) for hardrock mining facilities are appropriate. As discussed in section E, below, and in the Technical Support Document for this final rulemaking,\66\ the Releases Report included facilities with significant mining activity that pre-dated modern regulation, creating legacy contamination. The report also fails to address whether or not the releases resulted in the expenditure of federal dollars or appropriately distinguish releases that predate modern regulation and are now prohibited by law or otherwise regulated. --------------------------------------------------------------------------- \66\ See: EPA, CERCLA Section 108(b) Hardrock Mining Final Rule: Technical Support Document, December 1, 2017. --------------------------------------------------------------------------- The Practices Report purports to present information on the potential for future releases at operating hardrock mining facilities.\67\ However, the Practices Report acknowledges that it cannot be used to draw conclusions about future releases, stating that: ``Many sites and facilities within the non-operating and currently operating samples have been active for a century or longer. When a post-1980 release occurred at these facilities, it was difficult to determine if the equipment or practice responsible for the release was newly constructed or part of the site's past operations.'' \68\ The Practices Report acknowledges that ``a number of [[Page 7565]] factors limited the inferences that can be drawn from data about releases at currently operating facilities.'' \69\ --------------------------------------------------------------------------- \67\ Practices Report, at 1. \68\ Id., at 5. \69\ Practices Report, at 9. --------------------------------------------------------------------------- Both reports also lack important information on whether or not the releases resulted in the expenditure of federal dollars or whether the releases identified are now prohibited by law or otherwise regulated. As noted in section E, below, and the Technical Support Document for this final rulemaking, many of the releases discussed in those reports are being addressed by the responsible parties. Despite the limitations of the Releases Report and the Practices Report, the proposed rule claimed that they validated the conclusions of earlier reports stating that: ``EPA believes the results of this relatively recent effort to further document the state of current mining practices substantiates the findings from the other documents described herein [the Evidence Report and the reports from 1992 and 1997] and further reinforces the Agency's belief that currently operating hardrock mining and mineral processing facilities subject to this proposal continue to present risks of release of hazardous substances.'' \70\ --------------------------------------------------------------------------- \70\ 82 FR 3475. --------------------------------------------------------------------------- As discussed above, upon reexamination, EPA now believes that none of these reports provide an appropriate basis for identification of the risk of hazardous substance releases at the facilities that would be regulated under the proposed rule or the risk of federally financed response actions at such facilities. Additional relevant information on many of the sites discussed in these reports which helped inform EPA's conclusions in this final rulemaking is documented in section IV.E below and in the Technical Support Document. 2. Federal and State Regulatory Requirements EPA has determined that modern regulation of hardrock mining facilities, among other factors, reduces the risk of federally financed response actions to a low level such that no additional financial responsibility requirements for this industry are appropriate. This section summarizes the regulations that support that determination. a. Federal Environmental Statutes The proposed rule proposed to regulate facilities that engage in the extraction, beneficiation, and processing of metals, (e.g , copper, gold, iron, lead, magnesium, molybdenum, silver, uranium, and zinc) and non-metallic, non-fuel minerals (e.g , asbestos, phosphate rock, and sulfur), other than placer mining, exploration only activities, and mines and processers disturbing less than five acres.\71\ This scope includes mines, processors, and smelters. --------------------------------------------------------------------------- \71\ See Proposed 40 CFR 320.60 --------------------------------------------------------------------------- While much mining and beneficiation is exempt from RCRA,\72\ these activities are regulated under the Clean Water Act and the Clean Air Act. In addition, some waste material from covered mineral processing facilities is regulated under RCRA. Finally, permissions to mine on federal land are subject to review under the National Environmental Policy Act and may require the preparation of an Environmental Impact Statement. --------------------------------------------------------------------------- \72\ See 51 FR 24496. --------------------------------------------------------------------------- Clean Water Act The Clean Water Act (CWA) prohibits discharges to waters of the United States, unless in compliance with another portion of the Act.\73\ Principal among those other provisions is the permitting ***program*** established under section 402 of the Act, the National Pollution Discharge Elimination System (NPDES).\74\ Existing dischargers of toxic and nonconventional pollutants are required to install best available control technology that is economically achievable.\75\ New dischargers must meet new source performance standards, based on the best available demonstrated control technology. If these technology-based standards do not fully protect water quality, then a facility must adopt additional controls to meet applicable water quality standards (water quality-based effluent limitations).\76\ --------------------------------------------------------------------------- \73\ 33 U.S.C 1311. \74\ 33 U.S.C 1342. \75\ 33 U.S.C 1311. \76\ 33 U.S.C 1311(b)(1)(C). --------------------------------------------------------------------------- Technology-based effluent limitations for hardrock mining are found at 40 CFR part 440. The Ore Mining and Dressing Effluent Guidelines apply to facilities in twelve subcategories as follows: Iron Ore Aluminum Ore Uranium, Radium and Vanadium Ores Mercury Ore Titanium Ore Tungsten Ore Nickel Ore Vanadium Ore (Mined Alone and Not as a Byproduct) Antimony Ore Copper, Lead, Zinc, Gold, Silver, and Molybdenum Ores Platinum Ores Gold Placer Mining The Background Document for the proposed financial responsibility formula states: ``Nearly three-quarters of the 354 currently operating facilities report mining five commodities (gold, iron, copper, phosphate, and uranium), with gold mines alone making up nearly half of the universe.'' \77\ Accordingly, subpart J, the Copper, Lead, Zinc, Gold, Silver, and Molybdenum Ores Subcategory, is of particular relevance. Last amended in 1982 (effective January 1983), this subpart applies to: --------------------------------------------------------------------------- \77\ EPA-HQ-2015-0781-0500 at 3-11. --------------------------------------------------------------------------- (1) Mines that ***produce*** copper, lead, zinc, gold, silver, or molybdenum bearing ores, or any combination of these ores from open-pit or underground operations other than placer deposits; (2) Mills that use the froth-flotation process alone or in conjunction with other processes, for the beneficiation of copper, lead, zinc, gold, silver, or molybdenum ores, or any combination of these ores; (3) Mines and mills that use dump, heap, in-situ leach, or vat- leach processes to extract copper from ores or ore waste materials; and (4) Mills that use the cyanidation process to extract gold or silver.\78\ --------------------------------------------------------------------------- \78\ 40 CFR 440.100 --------------------------------------------------------------------------- Under this subpart, the following activities must meet an effluent limitation of zero discharge: (1) Mine areas and mills processes and areas that use dump, heap, in situ leach or vat-leach processes to extract copper from ores or ore waste materials (40 CFR 440.103(c)); and (2) Mills that use the cyanidation process to extract gold or silver (40 CFR 440.103(d)). In addition, drainage from all mines in this subcategory and discharges from mills in this category that use a froth-flotation process must meet limitations for copper, zinc, lead, mercury, and cadmium. Discharges to water from mineral mining and processing facilities are regulated under 40 CFR part 436. Last amended in 1979, these regulations require best practicable control technology for wastewater discharges from mine drainage, mineral processing operations and stormwater runoff. This part includes subpart R, which applies to the mining and the processing of phosphate bearing rock, ore or earth for the phosphate content. These regulations regulate the pH of discharges from phosphate mines and limit discharges of total suspended solids from such mines to a daily maximum concentration of 60 mg/l. The Clean Water Act regulates discharges of pollutants from smelters under 40 CFR part 421 (Nonferrous Metals Manufacturing Category). Last [[Page 7566]] amended in 1984, these regulations limit pH and the concentration of metals in discharges. Clean Air Act The Clean Air Act regulates air emissions from industrial processes like mining and mineral processing. These include National Emissions Standards for Hazardous Air Pollutants (NESHAPs) as well as New Source Performance Standards (NSPS). The 2011 NESHAP for gold ore processing and production facilities controls mercury air emissions from these facilities. 40 CFR part 63, subpart EEEEEEE. On June 12, 2002, EPA promulgated final air toxics standards for the Primary Copper Smelting major sources 40 CFR part 63, subpart QQQ. These regulations control emissions of arsenic, beryllium, cadmium, chromium, lead, manganese and nickel. On June 4, 1999, EPA promulgated a NESHAP for primary lead smelting (40 CFR part 63, subpart TTT) that controls emissions of lead. In 2007, EPA promulgated a NESHAP for zinc, cadmium and beryllium smelters (40 CFR part 63, subpart GGGGGG), and those regulations established a particulate matter standard. Under section 111 of the CAA, New Source Performance Standards (NSPS) applicable to metallic mineral-processing plants have been established (40 CFR part 60, subpart LL control emissions of particulate matter). EPA's 1976 NSPS for primary lead smelting (40 CFR part 60, subpart R) controls emissions of particulate matter. RCRA While most hardrock mining and beneficiation waste is exempt from RCRA subtitle C,\79\ mineral processing waste (other than twenty ``special wastes'') are not.\80\ Thus, mineral processing facilities may be regulated under RCRA Subtitle C. The management of hazardous wastes is generally subject to strict minimum technology requirements.\81\ Land disposal of hazardous wastes is prohibited unless treatment standards are met.\82\ --------------------------------------------------------------------------- \79\ 51 FR 24496 (July 3, 1986). \80\ See the list at   [*https://www.epa.gov/hw/special-wastes#mining*](https://www.epa.gov/hw/special-wastes#mining). \81\ 42 U.S.C 6924(o). \82\ 42 U.S.C 6924(d)-(g). --------------------------------------------------------------------------- National Environmental Policy Act The National Environmental Policy Act (NEPA) requires an environmental review of major federal actions significantly affecting the quality of the human environment.\83\ Major federal actions include the issuance of federal permits or permission to use federal lands.\84\ Mining activities on federal lands are generally subject to NEPA. Accordingly, the potential environmental impacts of those activities are considered and publicly disclosed before they occur. These reviews include consideration of impacts to surface water, ground water, air, soils, ecosystems, wetlands, endangered species, and flood plains. --------------------------------------------------------------------------- \83\ 42 U.S.C 4332. \84\ 40 CFR 1508.18 --------------------------------------------------------------------------- b. Federal Land Management Laws The Bureau of Land Management (BLM) and the Forest Service (herein referred to at the Federal Land Management Agencies (FLMAs), have both promulgated regulations that apply to hardrock mining operations on land they manage. BLM has promulgated regulations under the Federal Land Policy and Management Act (43 U.S.C 1701 et seq.) that apply to hardrock mining operations on BLM land. These regulations include a requirement to develop a ***plan*** for reclamation of disturbed areas and a financial guarantee sufficient to fund completion of the reclamation ***plan***.\85\ --------------------------------------------------------------------------- \85\ 43 CFR part 3800, subpart 3809. --------------------------------------------------------------------------- In order to obtain a permit to mine on public lands, the operator must submit a ***plan*** of operations that includes ***plans*** for water management, rock characterization and handling, spill contingency, and reclamation.\86\ The ***plan*** of operations for the mine cannot be approved until thirty days after a final environmental impact statement has been prepared and filed with EPA.\87\ The required reclamation ***plan*** must detail stabilization of land disturbed for mining, reclaiming and reshaping the land, wildlife rehabilitation, controlling potentially hazardous materials, and post-closure management.\88\ --------------------------------------------------------------------------- \86\ 43 CFR 3809.1-6. \87\ 43 CFR 3809.1-6. \88\ 43 CFR 3809.1-3(d). --------------------------------------------------------------------------- Like BLM, the Forest Service also requires a ***plan*** of operation that includes a ***plan*** for reclamation of mining disturbances on Forest Service lands.\89\ The requirements for environmental protection are set forth in 36 CFR 228.8 and include compliance with all air quality, water quality, and solid waste standards; protection of scenic values; and reclamation to control erosion and water runoff, isolate, remove or control toxic materials, reshape and revegetate disturbed areas, and rehabilitate fisheries and wildlife habitat. The Forest Service requires a bond to cover the cost of stabilizing, rehabilitating, and reclaiming the area of operations.\90\ Like a BLM ***plan*** of operations, approval of a Forest Service ***plan*** of operations also is subject to NEPA. --------------------------------------------------------------------------- \89\ 36 CFR part 228. \90\ 36 CFR 228.13 --------------------------------------------------------------------------- The Forest Service regulations allow the Forest Service to require a modification to the ***Plan*** of Operations and reclamation ***plan*** (36 CFR 228.4(e)) and adjust the bond to cover the modified ***plan*** (36 CFR 228.13(c)). EPA's conclusion that BLM and Forest Service regulations address risks at hardrock mining facilities is further supported by the comments submitted by these agencies, discussed below. c. Other Existing Regulatory Requirements The proposed rule stated that addressing CERCLA liabilities is different from the mine reclamation bonding requirements required by BLM, the Forest Service, or state requirements that seek to ensure compliance with technical engineering requirements imposed through a permit, or to ensure proper closure or reclamation of an operating mine.\91\ This discussion in the proposed rule was intended to highlight legal distinctions between the section 108(b) requirements and the requirements of other federal and state ***programs***. However, even when developing the proposed rule, EPA acknowledged the overlap between the risks to be addressed by section 108(b) and existing federal and state regulations. EPA now recognizes that the existence of these other ***programs***, whatever legal differences there may be in their intent and implementation, are critical to understanding ``the degree and duration of risk associated with the production, transportation, treatment, storage, or disposal of hazardous substances'' as well as the risk to taxpayers of being required to fund response activities under CERCLA, which are the primary factors relevant to EPA's determination of the need for and appropriate level of financial responsibility requirements under section 108(b). --------------------------------------------------------------------------- \91\ 82 FR 3403. --------------------------------------------------------------------------- For example, 16 of the 27 sites discussed in the Releases Report are called ``CERCLA-like'' releases. Thus, according to the Releases Report, these sites present the same type of risk that is to be addressed under section 108(b). However, as discussed below and in the Technical Support Document for this final rulemaking, we have documented no expenditure of funds by EPA for those ``CERCLA-like'' releases, which, [[Page 7567]] as is explained in the Releases Report, are being addressed under other state and Federal ***programs***, demonstrating that modern regulation adequately addresses the risk of Fund financed response action posed by these sites.\92\ --------------------------------------------------------------------------- \92\ The limited number of sites referenced in the Releases Report for which there were CERCLA actions and EPA expenditures are discussed below. --------------------------------------------------------------------------- Even the methodology used in the proposed rule to develop the proposed financial responsibility requirements shows that the actual physical risks addressed by modern regulations are essentially the same as the risks to be addressed by section 108(b). The Background Document for the financial responsibility formula demonstrates that the costs of existing federal and state reclamation and closure requirements were used to develop costs for the categories of response activities that are the building blocks of financial responsibility requirements under the proposed rule.\93\ Thus, the proposed financial responsibility requirements largely address the same risks that are addressed by existing regulatory requirements. --------------------------------------------------------------------------- \93\ See CERCLA 108(b) Financial Responsibility Formula For Hardrock Mining Facilities, Background Document, Sept. 19, 2016 (EPA-HQ-2015-0781-0500), at 2-17, Table 2.2 See also 82 FR 3462 (``EPA found that such engineering cost data was readily available from cost estimates developed for state and Federal mining reclamation and closure ***plans***, and associated documents.''). --------------------------------------------------------------------------- This conclusion is further supported by comments submitted by the Forest Service, and a number of states opposing the proposed rule. The Forest Service demonstrated in their comments how their regulations address the same physical risks that are captured in the response categories that are the building blocks of the proposed section 108(b) financial responsibility formula.\94\ The states of Alaska, Nevada, New Mexico, and South Dakota each provided a similar analysis for their state, and the Interstate Mining Compact Commission provided analyses for Arizona, South Dakota, and Utah.\95\ The National Mining Association (NMA) also compiled similar information for 15 states.\96\ --------------------------------------------------------------------------- \94\ See comment from the Forest Service, EPA-HQ-SFUND-2015- 0781-2400, at page 2. \95\ Alaska (Attachment 5/Attachment D to EPA-HQ-SFUND-2015- 0781-2785); Nevada (Appendix to EPA-HQ-SFUND-2015-0781-2651); New Mexico (Attachment A at p. 17 of EPA-HQ-SFUND-2015-0781-2676); South Dakota (Attachment to EPA-HQ-SFUND-2015-0781-2419); IMCC (showing results for Arizona, South Dakota, and Utah at EPA-HQ-SFUND-2015- 0781-2758 & EPA-HQ-SFUND-2015-0781-2757). \96\ EPA-HQ-SFUND-2015-0781-2794 at Appendix A. --------------------------------------------------------------------------- In conclusion, EPA is convinced by the arguments made by state and Federal commenters that the risks sought to be addressed by the proposed rule are already addressed by existing state and Federal ***programs***. The proposed rule would have considered the risk reduction of existing regulations only as a means to reduce the amount of otherwise required financial responsibility and sought comment on several aspects of this approach. EPA is now convinced that those regulations obviate the need for additional financial responsibility requirements under section 108(b) on the hardrock mining sector. As stated by the Forest Service: [T]he fact that EPA refers to existing regulations as a rationalization for building the requirements of a particular reduction [in financial responsibility] serves to underline that these existing regulations serve the purpose that EPA hopes is served by the proposed rule: To reduce the risk of a release of a hazardous or toxic substance. Therefore, the specific requirements in the reductions are unnecessary, because other ***programs*** with more site-specific presence than EPA has, are already requiring these actions, using site-specific conditions as criteria for design of the mitigations in question. Thus, the outcome is that EPA is attempting to regulate that which is already regulated.\97\ --------------------------------------------------------------------------- \97\ See comment EPA-HQ-SFUND-2015-0781-2400, at page 11. --------------------------------------------------------------------------- 3. Risk of Payments From the Fund According to the preamble of the proposed rule, EPA estimated that the historical costs of responding to releases from 243 hardrock mining and minerals processing facilities totaled $12.9 billion, of which approximately $4 billion was paid for through EPA's Superfund ***program***. EPA relied on this estimate to conclude that: ``Such significant cleanup costs may be considered as an indication of the relative risks present at these sites, and the potential magnitude of environmental liabilities associated with this industry overall.'' \98\ --------------------------------------------------------------------------- \98\ 82 FR 3479. --------------------------------------------------------------------------- As discussed above, EPA has now determined that as a result of modern regulations, the degree and duration of risk associated with the modern production, transportation, treatment, storage or disposal of hazardous substances by the hardrock mining industry does not present a level of risk of taxpayer funded response actions that warrant imposition of financial responsibility requirements for this sector. EPA acknowledges that the Agency has incurred response costs at mining sites. However, as many commenters have noted, the vast majority of those costs have been to address legacy practices. EPA also acknowledges that there are a handful of examples of sites where EPA has incurred response costs, notwithstanding regulation under the Clean Water Act, or other state and federal law. However, the Agency does not believe that these few examples are an appropriate basis for regulation under CERCLA section 108(b). The record for the proposed rule includes background information on response costs, expenditures, and settlements at 185 NPL sites and 134 non-NPL sites to inform the proposed financial responsibility formula.\99\ To develop this information, EPA collected and reviewed data available in the Comprehensive Environmental Response, Compensation, and Liability Information System (CERCLIS), the Integrated Financial Management System (IFMS), and the Office of Enforcement and Compliance Assurance (OECA) settlements database, as well as a 2004 report of the EPA Inspector General, and a 2010 report from the Government Accountability Office.\100\ As part of this analysis, EPA combined data from CERCLIS and IFMS into a Microsoft Access file to summarize Fund expenditures incurred at each hardrock mining facility for which EPA had data (as of 2011).\101\ A link to an FTP site containing these files was provided in the docket.\102\ --------------------------------------------------------------------------- \99\ CERCLA 108(b) Financial Responsibility Formula For Hardrock Mining Facilities, Background Document, Sept. 19, 2016 (EPA-HQ-2015- 0781-0500), at sections 2.1 and 2.2, and Appendix B. The formula also includes estimated costs for natural resources damages and public health assessments. However, both are a function of a release that requires a response action. In the formula, health assessment costs are simply a fixed cost of $550,000 and the natural resource damages are assumed based on a percentage of the response costs. Id. at section 5 and page 6-2. \100\ Id. at 2-1. EPA was able to obtain cost information for 319 hardrock mining facilities. \101\ Id. at 2-2. If EPA itself had incurred expenditures at a hardrock mining facility, those expenditures would have been included in the data pulled from these databases. \102\ It also is available here:   [*ftp://newftp.epa.gov/CERCLA108B*](ftp://newftp.epa.gov/CERCLA108B). --------------------------------------------------------------------------- While the purpose of this data collection was to support the development of the financial responsibility formula, it also can be used to examine Fund expenditures at specific sites. For example, the results of a query of the Microsoft Access file on site expenditures results in a table that has data for only eight of the 27 sites identified in the Releases Report.\103\ The [[Page 7568]] discussion of why the releases at these sites do not support the proposed rule is discussed in the Technical Support Document accompanying this final rulemaking.\104\ Of the eight, seven are gold or gold and silver mines. Of the seven, six were operational after the effective date of Clean Water Act effluent limitations applicable to cyanide heap leach mining processes. Thus, regulation does not always prevent releases. In fact, the release at the Summitville Mine in Colorado was significant and the response was very costly. As discussed in the Technical Support Document accompanying this final rulemaking, the costs of response at that site included costs of addressing acid mine drainage from legacy (since 1890) operations, unrelated to the releases from cyanide heap leach process. Further, Colorado has since changed its regulation to prevent a repeat of the releases that occurred from the heap leach process at Summitville. Thus, Summitville mine is not an example of current risk. However, it also is important to understand that, according to a 1996 retrospective review of Summitville prepared by an EPA Region 8 employee and the Colorado Department of Natural Resources, the Colorado-issued Clean Water Act permit, which assumed no discharge from the heap leach process, was based on an erroneous water balance calculation for the site. The permit assumed that evaporation would be greater than precipitation.\105\ EPA's financial responsibility formula similarly relies on water balance data, and could be subject to the same type of error, demonstrating that neither regulation nor financial responsibility requirements are infallible.\106\ --------------------------------------------------------------------------- \103\ See the site expenditure table from the D Site Exp.accdb file on the FTP site. These sites are Barite Hill, a gold and silver mine in South Carolina ($6.3 million), Brewer Gold, a gold and silver mine in South Carolina ($12.3 million), Cimarron Mine, a gold mine in New Mexico ($3.5 million), Formosa Mine, a copper and zinc mine in Oregon ($3.1 million), Gilt Edge mine, a gold and silver mine in South Dakota ($75 million), Grouse Creek mine, a gold mine in Idaho ($314,000), Silver Mountain, a gold and silver mine in Washington ($1.4 million), and Summitville, a gold and silver mine in Colorado ($226 million). These numbers are presented in nominal dollars and are current as of 2011. The Microsoft Access file on settlements available at the same FTP site shows past cost settlements totaling $12.7 million at Gilt Edge, response work and past cost settlements totaling over $9 million at Grouse Creek, and past cost and future cost settlements at Summitville totaling approximately $49 million. See the settlements table from the cerclis\_historical\_sites\_41612.accdb file on the FTP site. \104\ The Technical Support Document addresses all but two of the eight sites discussed in the Releases Report for which there is a record of Fund expenditures. Silver Mountain is a gold and silver mine that operated beginning in 1928 and that used a cyanide heap leach process before the promulgation of strict Clean Water Act regulations for those processes. See Releases Report, at 7. Grouse Creek was operated by Hecla Mining Company and the Microsoft Access files on the FTP site show only $314,000 in EPA expenditures and a greater amount in cost recoveries. Thus, these sites are not evidence of risk of Fund-financed response actions at currently operating sites. \105\ The Mining History and Environmental Clean-up at the Summitville Mine. Colorado Geological Society Open File Report 96-4. Available at   [*http://2fdpn7hy0ht206jws2e9og41.wpengine.netdna-cdn.com/wp-content/uploads/2013/08/38.pdf*](http://2fdpn7hy0ht206jws2e9og41.wpengine.netdna-cdn.com/wp-content/uploads/2013/08/38.pdf) \106\ EPA-HQ-2015-0781-0500, at section 3.4 --------------------------------------------------------------------------- Issues with the financial responsibility formula in the proposed rule are also discussed in, January 19, 2017 comments submitted by the Small Business Administration (SBA) Office of Advocacy. SBA used data in the record to compare the results of the proposed financial responsibility formula against actual site costs at six mining sites. The formula both underestimated, and in some cases greatly overestimated the costs of response. For example, at one mine the actual costs to address an open pit were $77,000, while the formula would have required financial responsibility in the amount of $197,900,000 for this response activity.\107\ At another site, the formula would have required evidence of financial responsibility to cover interim operation and maintenance at a level of $69 million while the actual costs reported by the site operator who is paying for the response action pursuant to its reclamation ***plan*** were over $96 million.\108\ EPA acknowledges that any formula with limited site specific information is necessarily a very imprecise means of determining potential response costs, and may significantly over or underestimate actual costs, as documented in the SBA comments. As noted by several commenters, financial assurance amounts established by state and other Federal regulatory ***programs*** are usually informed by site- specific assessments by on-the-ground regulators and are thus likely to better reflect actual response costs. --------------------------------------------------------------------------- \107\ EPA-HQ-SFUND-2015-0781-1406, at 18. \108\ Id. (discussing Hycroft Resources, an active gold mine in Nevada). See also discussions of Hycroft in the Background Document for the financial capability formula. EPA-HQ-SFUND-2015-0781-0500. --------------------------------------------------------------------------- The conclusion that modern regulation has greatly reduced the risk of taxpayer financed response actions also is supported by the experience of other federal agencies. For example, in letters sent to Senator Murkowski, BLM and the Forest Service stated that no modern mines permitted since 1990 by either BLM or the Forest Service have been added to the NPL. When asked how many mining ***plans*** of operation BLM and Forest Service have approved since 1990, and how many of the corresponding sites have been placed on the NPL, BLM responded that it had approved 659 ***plans*** since 1990 and none had been added to the NPL and the Forest Service reported approval of 2,685 ***plans*** since 1990 with no sites being placed on the NPL.\109\ These data support a conclusion that federal financial responsibility ***programs*** (and related mining engineering and permitting requirements) have been effective at lowering risk, reducing taxpayer liability, and contrasts strongly with the historical record involving legacy mines. --------------------------------------------------------------------------- \109\ Letter dated June 21, 2011 from BLM Director Robert Abbey to Senator Lisa Murkowski, dated June 21, 2011; Letter dated July 20, 2011 from USDA Secretary Thomas Vilsack to Senator Lisa Murkowski, dated July 20, 2011. The letters were written in response to several questions posed by Senator Murkowski relating to hardrock mining ***programs*** on BLM and Forest Service lands. --------------------------------------------------------------------------- States have had similar experience with their own ***programs***. The state of Nevada, which has roughly one fourth of hardrock mines in the potentially regulated universe of mines developed by EPA for purposes of analysis in the proposed rule, has not had a case involving taxpayer funded response action since 1991, when the state's new rules were put in place.\110\ --------------------------------------------------------------------------- \110\ Nevada comments, at Appendix 3 (EPA-HQ-SFUND-2015-0781- 2651). --------------------------------------------------------------------------- EPA considered these examples of the limited payment experience of the Fund, as well as the record relating to payments covered by federal and state financial responsibility instruments required under other federal and state law, and payments made pursuant to settlements and voluntary response actions \111\ to further support EPA's determination that the degree and duration of risk associated with the modern production, transportation, treatment, storage or disposal of hazardous substances by the hardrock mining industry does not present a level of risk of taxpayer funded response actions that warrant imposition of financial responsibility requirements for this sector. --------------------------------------------------------------------------- \111\ EPA considers this information to be encompassed by the categories of information set forth in section 108(b)(2) (``payment experience of the Fund, commercial insurers, courts settlements and judgments, and voluntary claims satisfaction''). --------------------------------------------------------------------------- C. Comments Supporting a Final Rulemaking EPA received many comments on the proposed rule that expressed support for promulgation of financial responsibility requirements under section 108(b). Sixty comments from individual private citizens encouraged EPA to issue final requirements, as did four mass mailing letter campaigns sponsored by the Idaho Conservation League, Water Legacy, Friends of the Boundary Waters Wilderness, and Earthworks. The main comment in support of the rule came [[Page 7569]] from Earthworks, representing 35 different environmental groups.\112\ --------------------------------------------------------------------------- \112\ Earthworks submitted comments on the proposed rule representing: Inform, Western Organization Resource Councils, Minnesota Center for Environmental Advocacy, Upper Peninsula Environmental Coalition, Natural Resources Council of Maine, Montana Environmental Information Center, Greater Yellowstone Coalition, Conservation Law Foundation, Northeastern Minnesotans for Wilderness, Friends of The Boundary Waters Wilderness, Northern Alaska Environmental Center, Save Our Sky Blue Waters, Gila Resources Information Project, Brooks Range Council, The Lands Council, Campaign to Save the Boundary Waters, Friends of The Clearwater, Rock Creek Alliance, Save Our Cabinets, Patagonia Area Resources Council, Friends of the Kalmiopsis, Clean Water Alliance, Water Legacy, Park County Environmental Council, Great Basin Resource Watch, Wisconsin Resources Protection Council, Rivers Without Borders, Spokane Riverkeepers, Western Watersheds Project, Okanagan Highlands Alliance, Boise Chapter Great Old Broads for Wilderness, Copper Country Alliance, Nunamta Aulukestai, and Idaho Conservation League. --------------------------------------------------------------------------- Earthworks, et al. commented that CERCLA financial assurance regulations are necessary to ensure enough funds are available to complete cleanup actions without shifting the burden to the general public. They also stated in their comments that the proposed regulations did not duplicate existing state rules, which they argued do not cover pipeline spills, tailings spills, tailings impoundment failures and other releases of hazardous materials which commonly occur at hardrock mines, and can result in substantial liabilities.\113\ In a separate comment on the proposed rule, the Idaho Conservation League stated that the state of Idaho's financial assurance requirements do not authorize bonding for groundwater contamination and water treatment in perpetuity and that a section 108(b) rule is necessary to close that gap.\114\ --------------------------------------------------------------------------- \113\ See comment from Earthworks, et al., EPA-HQ-SFUND-2015- 0781-2739, at page 2. \114\ See comment from Idaho Conservation League, EPA-HQ-SFUND- 2015-0781-2700, at page 1. --------------------------------------------------------------------------- In their comments on the proposed rule, Earthworks stated that: ``Strong CERCLA 108(b) regulations are necessary to protect taxpayers from incurring the cost of mine clean-up, and to ensure that clean-up of hazardous materials at mine sites occur in a timely manner.'' To support their conclusion, they specifically mentioned a 2005 report by the Government Accountability Office (GAO) that concluded that EPA should ``fully use its existing authorities to better ensure that those businesses that cause pollution also pay to have their contaminated sites cleaned up.'' \115\ They also pointed to a 2004 report by EPA's Office of Inspector General (IG) that identified 29 specific sites where, according to the IG, cleanup work was delayed or scaled back in ways harmful to human health and the environment because of funding shortfalls.\116\ In addition to this report, Earthworks identified in their comments other examples of cleanup efforts at mines that they stated remain uncompleted due to insufficient funds being available, or that took an inordinate amount of time to complete, exposing the public to dangerous substances. As discussed in the specific case studies and the accompanying Technical Support Document, a number of the examples cited by the IG and Earthworks are not representative of the risk posed by currently operating hardrock mining facilities. --------------------------------------------------------------------------- \115\ Earthworks, et al., EPA-HQ-SFUND-2015-0781-2739, page 5. \116\ Ibid. page 5, 6. --------------------------------------------------------------------------- EPA appreciates Earthworks' concern that insufficient funds leads to incomplete or slow cleanup and restoration of mine sites. Earthworks acknowledges that the universe of entities that EPA proposed to regulate under the proposed rule excluded mines that are no longer operating. They recommended that the universe be expanded to cover mine operations that are no longer active but still retain a responsible party. They state that, ``Many past hardrock mining facilities are already and/or will be the site of CERCLA liabilities and necessary response actions. The CERCLA 108(b) regulations should apply to these operations.'' \117\ EPA disagrees with this comment, and notes that the Agency has determined the goals of a section 108(b) rule as described in the proposal have already been satisfied. --------------------------------------------------------------------------- \117\ Ibid., page 11. --------------------------------------------------------------------------- Earthworks also commented that ``CERCLA 108(b) regulations are essential because they address risks and liabilities that aren't addressed in most other State or federal land management financial assurance ***programs***, including spills, accidental releases, and tailings failures.'' \118\ To support this conclusion, they point to several instances in ongoing mining operations where there are impacts to natural resources and/or groundwater due to ongoing mining operations which other federal or state rules fail to regulate. Earthworks also submitted comment claiming the need for financial responsibility for long-term water treatment. EPA recognizes that some historical mining operations have resulted in the need for long-term water treatment.\119\ However, modern regulation of both process discharges and runoff, as well as reclamation requirements to control sources of contamination, significantly address those risks. Additionally, as discussed above, while EPA acknowledges that the risk of a release is never totally eliminated by the requirements of other ***programs***, this residual risk is to be evaluated in light of EPA's discretion under the statute on whether to set section 108(b) requirements, and in light of the other information in the record for this action discussed elsewhere in this final rulemaking. Viewed in this manner, such residual risk does not change EPA's conclusion that it is not appropriate to issue final section 108(b) requirements for current hardrock mining operations. --------------------------------------------------------------------------- \118\ Ibid., page 12. \119\ Ibid., page 2. --------------------------------------------------------------------------- Water Legacy and Friends of the Boundary Waters Wilderness submitted separate comments expressing concern that Minnesota's financial assurance laws, for instance, are not adequate to cover mine pit seepage, waste rock pile seepage, tailings dam seepage and/or catastrophic dam failures.\120\ However, as is discussed in the site examples elsewhere in this final rulemaking and accompanying Technical Support Document, commenters submitted information to demonstrate that most releases at currently operating facilities are being addressed by owners and operators, and that the costs of these incidents at modern operations are generally not falling to the taxpayer. --------------------------------------------------------------------------- \120\ See comment from Water Legacy, EPA-HQ-SFUND-2015-0781- 2649, at page 3. --------------------------------------------------------------------------- EPA received comments from three federally-recognized tribes and from three Alaska Native Claims Settlement Act (ANCSA) resource managers regarding section 108(b) financial responsibility. Tribal comments were generally in support of the proposed rule, and cited some concerns about the potential negative impacts of hardrock mining on commercial enterprises and on subsistence living, along with the need to more fully identify the benefits of the rule. A primary ANCSA concern was that the section 108(b) financial responsibility requirements would duplicate existing federal and state requirements, resulting in a negative impact on Alaska Natives and states, that receive royalties through the Regional and Village Corporations. These comments are discussed in section VIII.G [[Page 7570]] D. Comments Opposing a Final Rulemaking 1. Comments Regarding Appropriateness of Information Used a. Use of Information Not Relevant to the Mines To Be Regulated Under the Rule Many commenters on the proposed rule, including mining companies, trade associations, as well as state and federal agencies, commented that EPA's record incorrectly characterized the on-going environmental risk at operating hardrock mining facilities by relying on information related to mines that were constructed and operated before current regulatory requirements were in place, rather than on information specific to current hardrock mining activities, which are highly regulated. Commenters argued that since the rule would not apply to inactive, non-operating sites, EPA should not rely on information related to such sites as part of its rulemaking record to justify the need for financial responsibility requirements for current hardrock mining operations. Several commenters disagreed with EPA's assertion in the proposed rule that the $4 billion spent by EPA through the Superfund for cleanup costs at historical hardrock mining facilities is an indication of the relative risk present at the facilities covered by the proposed rule. Commenters argued that the 2009 Priority Notice and the proposed rule did not differentiate between costs associated with the highly-regulated mining practices of today and pre-regulation practices in developing that number. EPA agrees with commenters that information about facilities that present a level of risk similar to those proposed to be regulated is the most appropriate focus for the Agency's record for this action. EPA also agrees with commenters that because mining practices have changed significantly over the past several decades, information related to risk presented by mines that operated before those changes occurred may not reflect the level of risk presented by currently operating facilities that include controls such as surface water containment structures, engineered storage facilities, water treatment, impermeable liners, and leak detection and recovery systems. Finally, EPA agrees with commenters that the cost of addressing releases from mines that operated without the controls in place today should not be assumed to be comparable to the cost of addressing releases from current operations, where controls such as monitoring assure early detection. Commenters objected to the use of 1980 in the Practices Report,\121\ (CERCLA was enacted in December 1980) as the point when ``historic'' mining practices changed over to ``modern'' ones. They felt this ignored the evolution of mining practices that took place since 1980, in response to other environmental laws, as well as state mining regulations which were still in their infancy in 1980. Some commenters seemed to agree that EPA should consider ``modern'' mining practices to have begun post-1990, and some suggested that the mid- 1990s was the true beginning of modern hardrock mining practices. --------------------------------------------------------------------------- \121\ EPA relied on this date numerous times in the Practices Report (e.g , pages 7, 8, 72, 119, 126, 127, 133, 145). --------------------------------------------------------------------------- In evaluating the record for this rulemaking, EPA considered the issue of when mining operations became ``modern'' or ``current.'' EPA recognizes that there are not nationally-applicable federal standards governing the operation of mines,\122\ and that the current regulatory scheme of federal and state mining ***programs*** has evolved over time. Thus, the requirements of individual hardrock mining ***programs*** developed at different paces and sequences. One commenter provided a table demonstrating the evolution of hardrock mining ***programs*** over time, extending from 1972 to 2014, and including the adoption of regulations in Alaska, Arizona, Arkansas, Montana, New Mexico, Nevada, and Utah during that period of time.\123\ EPA has therefore concluded that no particular date in the past reliably distinguishes between ``historic'' or ``legacy'' and ``current'' or ``modern'' mines nationwide, and that a better approach is to consider operations taking place under the current applicable regulatory scheme as ``current'' operations, and mine operations that took place before the enactment of the currently applicable and relevant requirements as ``historic'' or ``legacy.'' --------------------------------------------------------------------------- \122\ In 1986 EPA made a determination under section 3001(b)(3)(C) of RCRA that wastes from the extraction of ores did not pose a significant enough risk to warrant regulation under Subtitle C of RCRA. 51 FR 24496. \123\ See comment from Freeport-McMoRan, EPA-HQ-SFUND-2015-0781- 2793, Attachment B. --------------------------------------------------------------------------- b. Use of Data That Did Not Directly Demonstrate Risk at Current Hardrock Mining Operations Some commenters who opposed the rule objected to EPA's analysis of the information presented in the 2009 Priority Notice relating to hardrock mining risk. Commenters objected that EPA relied on inappropriate information to demonstrate risk at current hardrock mining operations, by focusing on data that does not address potential exposure to CERCLA hazardous substances, or the possibility that a CERCLA response action may occur in the future, that is--Toxics Release Inventory (TRI), and data from the Hazardous Waste Biennial Report (BR).\124\ Commenters argued that EPA's approach to identifying hardrock mining did not evaluate actual or potential risk. --------------------------------------------------------------------------- \124\ See, for example, comment from Comstock Mining, Inc., EPA- HQ-SFUND-2015-0781-2735, at page 31. --------------------------------------------------------------------------- EPA agrees with commenters that information regarding releases from hardrock mining facilities does not, in and of itself, demonstrate risk. For example, as noted in EPA's ``Factors to Consider When Using Toxics Release Inventory Data'' (2015), ``TRI data do not reveal whether or to what degree the public is exposed to listed chemicals.'' \125\ In fact, TRI data generally encompass releases that are permitted under the Clean Air Act (CAA), the Clean Water Act (CWA), or the Safe Drinking Water Act, as well as the lawful disposal of hazardous substances. Accordingly, EPA agrees that TRI data cannot help predict the risk associated with potential mismanagement and therefore cannot be used to support any determination under CERCLA section 108(b) that imposing financial responsibility requirements on a sector is appropriate. Similarly, EPA agrees that BRS data and National Response System (previously referred to as the Emergency Response Notification System (ERNS) data do not provide information on the risk, if any, posed by the management of hazardous substances at hardrock mines. --------------------------------------------------------------------------- \125\ See   [*https://www.epa.gov/sites/production/files/2015-06/documents/factors\_to\_consider\_6.15.15\_final.pdf*](https://www.epa.gov/sites/production/files/2015-06/documents/factors_to_consider_6.15.15_final.pdf) --------------------------------------------------------------------------- Another commenter stated that EPA's methodology for assessing risk was simply to describe some of the major mining practices that contributed to past CERCLA releases and simplistically conclude that similar practices are used today. The commenter argued that this approach is not accurate because it fails to account for the major changes in mining practices and regulatory requirements that are applied to modern mines. EPA agrees that it is important to consider modern mining practices and current regulatory regimes and has adopted that approach in this final action. 2. Comments That EPA Failed To Consider Relevant Information Commenters on the 2009 Priority Notice and the proposed rule objected [[Page 7571]] that EPA failed to consider relevant information in the 2009 Priority Notice and the proposed rule, specifically on the role of federal and state regulatory ***programs*** and protective practices in reducing risks at current hardrock mining operations, and on information on reduced costs to the taxpayer from regulatory ***programs*** and cleanup by owners and operators. For example, the American Exploration and Mining Association (AEMA) commented that the Federal Land Management Agencies and the states have significantly evolved their financial assurance ***programs*** with specific emphasis on post-closure care and maintenance, thereby minimizing the long-term potential for releases of hazardous substances and un-bonded agency liability. AEMA further commented that existing financial responsibility ***programs*** are working at modern mines and there is no need for a costly EPA ***program***.\126\ --------------------------------------------------------------------------- \126\ See comments from American Exploration and Mining Association at Docket ID Number EPA-HQ-SFUND-2015-0781-2657, page 2. --------------------------------------------------------------------------- a. Comments Providing Information on the Role of Federal and State ***Programs*** and Protective Mining Practices in Reducing Risks at Current Hardrock Mining Operations Many commenters who opposed the rule objected that EPA's analysis failed to consider the technical or engineering requirements specified by other regulatory ***programs*** or the requirements that financial assurance be established to ensure that required measures will be funded when needed. The commenters stated that both types of requirements significantly decrease the risks posed by modern mines, including both risks to the environment and risks that potential future liabilities will not be funded by mining companies.\127\ EPA agrees that due to the increased regulation of hardrock mining practices over the past several decades, mining operations are conducted in a manner that does not present the same level of risk as practices of the past. --------------------------------------------------------------------------- \127\ Freeport-McMoRan Inc; Fertilizer Institute; MiningMinnesota; New Mexico Environment Department and New Mexico Energy, Minerals, and Natural Resources Department; Colorado Department of Natural Resources, Division of Reclamation, Mining and Safety; National Mining Association. --------------------------------------------------------------------------- Commenters provided extensive information regarding the requirements of those ***programs*** including design standards, engineering controls, and environmental monitoring. Commenters argued that engineering controls and best practices reduce the degree and duration of risk associated with the modern production, transportation, treatment, storage, and disposal of hazardous substances to minimal levels and that no additional financial responsibility requirements are necessary to protect the taxpayer or the Superfund. Some of these federal and state ***programs*** are discussed below. (1) Examples of Federal ***Programs*** The regulations of the Bureau of Land Management (BLM) and the Forest Service, applicable to hardrock mining facilities, are described below. Bureau of Land Management BLM's surface management regulations at 43 CFR part 3800, subpart 3809, govern the majority of the hardrock mining operations on the public lands that would be subject to the proposed rule. These regulations were first promulgated in 1980 pursuant to the agency's authority under the Mining Law of 1872,\128\ and its mandate under section 302(b) of the Federal Land Policy and Management Act of 1976 to take any action to prevent ``unnecessary or undue degradation'' of the public lands.\129\ BLM also regulates the development of solid minerals subject to other mineral disposal authorities, such as phosphate, through the issuance of permits and leases under 43 CFR part 3500. BLM's regulatory ***programs*** provide cradle-to-grave oversight of mining operations on the public lands. For example, BLM's subpart 3809 regulations require operators to obtain authorization from BLM to conduct any surface disturbance greater than casual use.\130\ All operations under subpart 3809 must comply with the general and specific performance standards set forth in the regulations which govern, among other things, disposal of mining wastes and handling of acid-forming, toxic, or other deleterious materials.\131\ In addition, subpart 3809 requires all operations to comply with applicable federal and state laws and regulations, including laws related to air and water quality.\132\ For extractive mining operations and some exploration, operators under subpart 3809 must submit and obtain BLM approval of a ***plan*** of operations that includes ***plans*** for baseline data collection, water management, rock characterization and handling, spill contingency, and reclamation.\133\ BLM's subpart 3809 regulations impose also requirements for design, operation, closure, and reclamation to ensure productive use of the land after mining. The required reclamation ***plan*** must detail stabilization of land disturbed for mining, reclaiming and reshaping the land, wildlife rehabilitation, controlling potentially hazardous materials, and post-closure management. --------------------------------------------------------------------------- \128\ 30 U.S.C 22-54, as amended. \129\ 43 U.S.C 1732(b). \130\ 43 CFR 3809.10, 3809.11 \131\ See 43 CFR 3809.420 \132\ See 43 CFR 3809.5, 3890.420(b)(4), (b)(5). \133\ 43 CFR 3809.401 --------------------------------------------------------------------------- BLM's regulations also require operators to provide a financial guarantee before they can begin all hardrock mining operations.\134\ Moreover, financial guarantees for mining operations must remain in effect until BLM determines that reclamation has been completed in accordance with the authorized operations and the agency releases the financial guarantee.\135\ BLM's regulations also allow the agency to initiate forfeiture of the financial guarantee in the event the operator refuses or is unable to conduct reclamation.\136\ --------------------------------------------------------------------------- \134\ See 43 CFR 3504.50, 3809.4500 \135\ 43 CFR 3504.71, 3809.590 \136\ 43 CFR 3504.65, 3809.595 --------------------------------------------------------------------------- Forest Service The U.S Department of ***Agriculture*** (USDA) Forest Service regulations governing mining under the Mining Law of 1872 were promulgated in 1974 \137\ and can be found at 36 CFR part 228, subpart A. Disposal of minerals such as phosphates, sodium, potassium, and hardrock minerals on acquired National Forest System lands are subject to the mineral leasing laws and are regulated by BLM under 43 CFR part 3500. --------------------------------------------------------------------------- \137\ See comment from United States Forest Service, Docket ID: EPA-HQ-SFUND-2015-0781-2400 at page 10; comment from National Mining Association, EPA-HQ-SFUND-2015-0781-2794 at page 29. --------------------------------------------------------------------------- Under the Forest Service regulations at 36 CFR part 228, subpart A, operators must submit and obtain approval of a ***plan*** of operations before conducting any operations that might cause significant disturbance of surface resources.\138\ The regulations are designed to minimize adverse environmental impacts both during and after mining operations. The regulations prohibit releases of hazardous substances, and require financial guarantee that is calculated to reasonably insure that operations and reclamation are conducted to avoid releases, and to respond to releases that may occur.\139\ USDA highlighted in its comments how well developed ***Plans*** of Operations, site inspections, and monitoring reduce environmental risks before, during, and after mine closure. Specifically, USDA stated that an operator complies with Forest Service [[Page 7572]] regulations by developing a ***Plan*** of Operations, which requires that the operator submit enough detail that the agency can analyze various risks associated with the proposed operation and, through the NEPA process, identify proper mitigation measures to reduce or eliminate those risks.\140\ The regulations also require that, ``all operations be conducted so as, where feasible, to minimize adverse environmental impacts on National Forest surface resources'' (36 CFR 228.8). This allows the Agency to be very site-specific in its analysis of risk and mitigation.\141\ A ***Plan*** of Operations must also include detailed reclamation and closure ***plans***, which are reviewed and approved to minimize the potential future risk to the environment based on predicted outcomes.\142\ USDA further stated that ***Plans*** of Operation must include hazardous materials inventory and handling procedures, spill prevention ***plans***, and transportation mitigation measures.\143\ USDA stated a ***Plan*** of Operations for a hardrock mining operation cannot be approved unless hazardous substances are managed so that the threat of present or future release is minimized.\144\ During the mine permitting process, the Forest Service actively engages in memorandums of understanding and agreements with other State and Federal Agencies to ensure that all parties' permits are approved and implemented. Currently this can involve over forty separate permits and authorizations. --------------------------------------------------------------------------- \138\ 36 CFR 228.4(a). \139\ See comment from United States Forest Service, Docket ID: EPA-HQ-SFUND-2015-0781-2400 at page 2. \140\ Ibid. \141\ Ibid. \142\ Ibid., page 5. \143\ Ibid., page 4. \144\ Ibid., page 4. --------------------------------------------------------------------------- The Forest Service requires that mine operators provide a financial guarantee to assure complete reclamation and compliance with environmental laws under the following authorities: 16 U.S.C 551; 30 U.S.C 612; 36 CFR 228.8, 228.13 \145\ USDA stated that regulatory requirements (36 CFR 228.13) require operators to provide a bond sufficient to insure stabilization, rehabilitation, and reclamation of the area of operations.\146\ Environmental protection measures described in under 36 CFR 228.8 also include certification of compliance with all other applicable environmental standards.\147\ Forest Service regulations at 36 CFR 228.4(e) allow the agency to require a modification to the ***Plan*** of Operations to allow for bond adjustments to address unforeseen environmental effects.\148\ In its comments on the proposed rule the USDA stressed that financial guarantee requirements further reduce financial risk to the public. The operator must provide a financial guarantee that must be of a sufficient amount to ensure that, upon closure, the operation no longer presents long-term risks to the environment and a liability to the Forest Service and the public.\149\ USDA further noted that any ongoing obligation to continue the protection of the environment is also provided for in a long-term financial assurance instrument required by the Forest Service.\150\ --------------------------------------------------------------------------- \145\ Ibid., page 1. \146\ Ibid., page 3. \147\ Ibid., page 3. \148\ Ibid., page 5. \149\ Ibid., page 5. \150\ Ibid., page 5. --------------------------------------------------------------------------- Commenters also noted the role the NEPA plays in identifying risks at mining operations. NMA stated that a federal ***plan*** of operation is also scrutinized under NEPA, usually requiring the preparation of an environmental impact statement, which evaluates potential environmental impacts of the mining operation, assesses alternatives, and requires the identification of mitigation measures to reduce potentially significant environmental impacts.\151\ The Forest Service also offered several examples of the ways in which the NEPA process mitigates risk for mines which require the preparation of an environmental impact statement. Specifically, the Forest Service noted that it identifies closure requirements as part of the NEPA process after in-depth studies using site-specific data.\152\ Moreover, Forest Service noted that proposed reclamation requirements and potential for releases at mines on NFS lands are examined and disclosed in NEPA documents prepared for Forest Service approval of the ***plan*** of operations, which are reviewed by EPA.\153\ The Forest Service also noted that EPA reviews all NEPA documents, and comments on the adequacy of mitigation measures and reclamation ***plans*** in general. Once an operator incorporates source controls and mitigation measures into their ***plan***, the Forest Service approves that ***plan***, based on the expected outcomes and not the individual engineering standards used.\154\ EPA notes that the NEPA process applies to all federal agencies and thus is not limited to only mines on NFS lands. --------------------------------------------------------------------------- \151\ See comment from National Mining Association, EPA-HQ- SFUND-2015-0781-2794 at page 30. \152\ See comment from United States Forest Service, Docket ID: EPA-HQ-SFUND-2015-0781-2400 at page 3. \153\ Ibid., page 5. \154\ Ibid., page 7. --------------------------------------------------------------------------- (2) Examples of State ***Programs*** A discussion of the mining ***programs*** of five states--Nevada, New Mexico, Alaska, Colorado, and Montana--is provided below. Of the 184 \155\ mining sites in the potentially regulated universe of mines developed by EPA for purposes of analysis in the proposed rule, roughly one fourth are located in Nevada, and roughly one tenth are located in New Mexico, Alaska, Colorado, and Montana combined. In addition to the examples discussed below, the record includes detailed information on the protectiveness of mining ***programs*** in Arizona, Utah, South Dakota, and Idaho that were provided by those states and state organizations.\156\ Additional information on state ***programs*** also was provided by other commenters.\157\ --------------------------------------------------------------------------- \155\ This number does not include the stand-alone mineral processors in the potentially regulated universe of 221 hardrock mining facilities developed by EPA for purposes of analysis in the proposed rule. \156\ See comment and attachments from Beth A. Botsis, Deputy Executive Director, Interstate Mining Compact Commission, comment number EPA-HQ-SFUND-2015-0781-2759; EPA-HQ-SFUND-2015-0781-2758; EPA-HQ-SFUND-2015-0781-2757), discussing the protectiveness of mining ***programs*** in Arizona, Utah, and South Dakota. Together, Arizona and Utah have 35 potentially regulated mines. See also, comment from Governor Butch Otter, noting that that most of the mines in Idaho are on federally managed land and thus would be subject to Forest Service or BLM regulations, comment number EPA-HQ- SFUND-2015-0781-2682. Idaho has nine potentially regulated mines. \157\ See the discussion of comments on state mining ***programs*** in below. --------------------------------------------------------------------------- Nevada The Bureau of Mining, Regulation, and Reclamation of Nevada requires closure and reclamation for hardrock mines under the Nevada Revised Statutes (NRS) 519A.010--NRS 519A.280 and the Nevada Administrative Code (NAC) 519A.010--NAC 519A.415 \158\ Nevada's regulatory ***program*** was enacted in 1989-1990 and includes the authority for the Nevada Division of Environmental Protection (NDEP) to require financial assurance for long-term management of mine-impacted waters.\159\ Commenters reported that Nevada's stringent regulations ``impose extensive permitting, design, operation, monitoring, corrective action, closure, reclamation, and financial assurance requirements on hardrock mining [[Page 7573]] operations in the State.\160\ In addition, because many mines in Nevada operate on federal lands, Nevada and BLM and Forest Service have entered into Memoranda of Understanding to ensure coordination of financial assurance requirements across private and public lands.\161\ Mines in Nevada estimate the amounts of their required financial assurance through use of Nevada's Standardized Reclamation Cost Estimator (SRCE).\162\ The SRCE is well-regarded amongst mining reclamation ***programs*** and is used by several other states and Federal agencies.\163\ --------------------------------------------------------------------------- \158\ See comment from Nevada Lithium Corp, Comment Number: EPA- HQ-SFUND-2015-0781-2681 at page 4. \159\ See comment from Nevada Division of Environmental Protection, comment number EPA-HQ-SFUND-2015-0781-2651 at page 1. \160\ See comment from Newmont Mining Corporation, comment number EPA-HQ-SFUND-2015-0781-2712 at page 46-47. \161\ See comment from Nevada Division of Environmental Protection, comment number EPA-HQ-SFUND-2015-0781-2651, at page 2, and Attachment. \162\ See comment from Nevada Lithium Corp, Comment Number: EPA- HQ-SFUND-2015-0781-2681, Page 4. \163\ See comments from Women's Mining Coalition, Comment number EPA-HQ-SFUND-2015-0781-2705 at page 5, Pershing Gold Corporation, Comment number EPA-HQ-SFUND-2015-0781-2688 at page 6, Hecla Mining Company, Comment number EPA-HQ-SFUND-2015-0781-2688 at page 21, Mining and Metallurgical Society of America, comment number EPA-HQ- SFUND-2015-0781-2734 at page 3. --------------------------------------------------------------------------- Nevada's hardrock mining regulatory ***programs***, including its reclamation surety ***program*** administered by NDEP, include stringent design standards, including standards in liner systems, dam safety, and tailings impoundments that are intended to manage and contain process wastes.\164\ The regulations also specify treatment of spent ore heaps at closure to ensure surface and groundwater impacts are prevented.\165\ NDEP provided comment that no modern mines that commenced operation after the promulgation of the Nevada mine reclamation financial assurance regulations have required public funding for proper closure or reclamation as evidence of the strength of Nevada's ***program***.\166\ --------------------------------------------------------------------------- \164\ See comment from Newmont Mining Corporation, comment number EPA-HQ-SFUND-2015-0781-2712 at page 48. \165\ Ibid., page 49. \166\ See comment from Nevada Division of Environmental Protection, comment number EPA-HQ-SFUND-2015-0781-2651 at page 2. --------------------------------------------------------------------------- New Mexico The New Mexico Mining Act (``Mining Act'') was adopted in 1993 with the purposes of ``promoting responsible utilization and reclamation of lands affected by exploration, mining or the extraction of minerals.'' \167\ The Mining Act broadly defines ``mining'' and ``minerals'' to cover the extraction and processing of hardrock minerals.\168\ --------------------------------------------------------------------------- \167\ See comments from New Mexico Environment Department and the New Mexico Energy, Minerals, and Natural Resources Department, Docket ID Number EPA-HQ-SFUND-2015-0781-2676-2 at page 4. \168\ Ibid. page 4. --------------------------------------------------------------------------- Mining operations in New Mexico, both ``existing'' and ``new,'' \169\ are required to obtain permits which include closeout, or reclamation, ***plans***.\170\ These ***plans***, which are developed in coordination with closure ***plans*** required under the Water Quality Act, address the areas disturbed by mining including impacts from any of the thirteen site features identified by EPA as the sources of releases or threatened releases at hardrock mining sites.\171\ The reclamation and remediation of these site features, which include tailings, waste rock, leach piles and open pits, are addressed in the permits issued under the Mining Act and the Water Quality Act. --------------------------------------------------------------------------- \169\ ``existing mining operations'' were ***producing*** minerals prior to June 18, 1993, and ``new mining operations'' began ***producing*** minerals after that date. Section 69-36-3(E) and (I). \170\ See comments from New Mexico Environment Department and the New Mexico Energy, Minerals, and Natural Resources Department, Docket ID Number EPA-HQ-SFUND-2015-0781-2676-2 at page 5. \171\ 82 FR 3461, fn. 171. --------------------------------------------------------------------------- Mining operations in New Mexico are subject to significant compliance and enforcement provisions. The Mining Act mandates a specific set of minimum inspections for each class of facility including one inspection a month when a mine is conducting significant reclamation activities.\172\ If the agency determines that a facility is in violation of the Act, regulations or the permit or is creating an imminent danger to public health or safety or is causing significant environmental harm, the agency can order a cessation of mining or undertake administrative or judicial enforcement proceedings.\173\ Violations can result in civil penalties of up to $10,000 a day, and knowing or willful violations can bring criminal penalties.\174\ --------------------------------------------------------------------------- \172\ See comments from New Mexico Environment Department and the New Mexico Energy, Minerals, and Natural Resources Department, Docket ID Number EPA-HQ-SFUND-2015-0781-2676-2 at page 5. \173\ Ibid., page 5. \174\ Ibid., page 5. --------------------------------------------------------------------------- Financial assurance is an integral and inseparable part of New Mexico's regulation of hardrock mining and attendant reclamation requirements. Before a permit can be issued under the Mining Act, financial assurance must be filed with the agency. ``The amount of the financial assurance shall be sufficient to assure the completion of the performance requirements of the permit, including closure and reclamation, if the work has to be performed by the director or a third-party contractor.'' \175\ The financial assurance amount is based on a detailed engineering cost estimate to complete the approved reclamation ***plan*** and must be based on what it would cost the State, or the State's contractor, to complete the reclamation ***plan***. Financial assurance must include costs for: Contract administration; mobilization; demobilization; engineering redesign; profit and overhead; procurement costs; reclamation or closeout ***plan*** management; and contingencies.\176\ --------------------------------------------------------------------------- \175\ Ibid., page 5. \176\ Ibid., page 5. --------------------------------------------------------------------------- The New Mexico Environment Department (NMED) regulates mining operations under the New Mexico Water Quality Act (``Water Quality Act'').\177\ Enacted in 1967, the Water Quality Act requires the New Mexico Water Quality Control Commission (``WQCC'' or ``Commission'') to adopt regulations to protect surface water and groundwater quality. The Commission must ``adopt water quality standards for surface and ground waters of the state,'' \178\ and must also adopt regulations requiring a permit for ``the discharge of any water contaminant.'' \179\ The Commission authorizes NMED to place conditions on discharge permits to protect groundwater, and must deny a discharge permit if the discharge would cause or contribute to contaminant levels in excess of water quality standards at any place of present or potential future use.\180\ The WQCC must adopt procedures for providing notice to interested persons and the opportunity for a public hearing, and must also adopt regulations ``for the operation and maintenance of the permitted facility, including requirements, as may be necessary or desirable, that relate to the continuity of operation, personnel training and financial responsibility.'' \181\ Finally, the Water Quality Act was amended in 2009 to direct the WQCC to adopt regulations for the copper industry, resulting in a comprehensive and prescriptive set of copper mine regulations,\182\ and in accordance with the directives of the Water Quality Act, the Commission has adopted a body of implementing regulations codified in Title 20, Chapter 6 of the New Mexico Administrative Code. --------------------------------------------------------------------------- \177\ Ibid., page 6. \178\ Ibid., page 6. \179\ Ibid., page 6. \180\ Ibid., page 6. \181\ Ibid., page 6-7. \182\ Ibid., page 6. --------------------------------------------------------------------------- The stated purpose of the Ground and Surface Water Protection Regulations is [[Page 7574]] ``to protect all ground water of the state of New Mexico which has an existing concentration of 10,000 [milligrams per liter] or less [total dissolved solids], for present and potential future use as domestic and ***agricultural*** water supply.'' \183\ The regulations include three categories of groundwater quality standards: (1) Maximum numerical standards for thirty-three contaminants for protection of human health; (2) maximum numerical standards for nine contaminants and a range for pH for protection of domestic water supplies; and (3) maximum numerical standards for five contaminants for protection of water for irrigation use.\184\ --------------------------------------------------------------------------- \183\ Ibid., page 6-7. \184\ Ibid., page 6-7. --------------------------------------------------------------------------- The regulations also address discharge permits,\185\ prohibiting any person from causing or allowing a water contaminant to ``discharge so that it may move directly or indirectly into groundwater'' unless that person is discharging pursuant to a discharge permit issued by NMED.\186\ The regulations provide for notice to the public of a proposed discharge permit, and the opportunity to request a public hearing on the permit.\187\ The regulations further provide that a discharge permit may include a closure ***plan*** to protect ground water after the cessation of the operations causing the discharge. The closure ***plan*** must include ``a description of closure measures, maintenance and monitoring ***plans***, post-closure maintenance and monitoring ***plans***, financial assurance, and other measures necessary to prevent and/or abate . . . contamination.'' \188\ --------------------------------------------------------------------------- \185\ Ibid., page 6-7. \186\ Ibid., page 6-7. \187\ Ibid., page 6-7. \188\ Ibid., page 6-7. --------------------------------------------------------------------------- The Copper Mine Rule \189\ was promulgated in 2013 and the state indicated that it is the most prescriptive rule governing copper mining operations in the United States. The Copper Mine Rule establishes specific operational, monitoring, contingency, closure, and post- closure requirements for copper mines to ensure protection of water quality and prevent the release of contaminants into the environment during operations and following closure. The Copper Mine Rule is supplemental to the general discharge permit regulations, and is implemented through the issuance of ground water discharge permits. --------------------------------------------------------------------------- \189\ Ibid., page 7. --------------------------------------------------------------------------- The Copper Mine Rule covers all aspects of mine operation and closure. The permit application requirements for copper mine facilities result in a comprehensive document that identifies all mine units at the facility including: Impoundments; pipelines; tanks; leach stockpiles; waste rock stockpiles; crushing, milling, concentrating, smelting and tailing impoundments; open pits; underground mines; and, truck and equipment washing units.\190\ Each of these respective mine units is subject to prescriptive engineering design criteria to control and prevent the release of contaminants.\191\ --------------------------------------------------------------------------- \190\ Ibid., page 8. \191\ Ibid., page 8. --------------------------------------------------------------------------- Existing mine units in operation prior to promulgation of the Copper Mine Rule have extensive groundwater monitoring to determine their effectiveness in preventing the release of contaminants to the environment.\192\ Discharge permit requirements for existing mine units include operation of groundwater interceptor systems, as well as seepage and surface runoff capture systems to ensure impacts are contained as close as is practicable.\193\ The Copper Mine Rule requires development and implementation of a site-wide water management ***plan*** describing in detail how impacted storm water and groundwater at the site is contained and managed.\194\ Construction and operation of new mine units or expansion of existing mine units is subject to detailed engineering design requirements that include lined leach stockpiles, double lined process water impoundments, leak detection systems, flow metering, and extensive groundwater monitoring.\195\ --------------------------------------------------------------------------- \192\ Ibid., page 8. \193\ Ibid., page 8. \194\ Ibid., page 8. \195\ Ibid., page 8. --------------------------------------------------------------------------- Proposals for new mine units such as waste rock stockpiles and tailing impoundments are required to include an aquifer evaluation to determine the nature and extent of any impacts to groundwater that may occur if these mine units are proposed to be unlined.\196\ Based on the aquifer evaluation, the Copper Mine Rule requires a design report for proposed interceptor systems to ensure containment of groundwater impacted by the stockpile or tailing impoundment such that applicable standards will not be exceeded at monitoring well locations.\197\ As previously stated, monitoring wells must be located as close as practicable to the various mine units being monitored.\198\ Impacted water collected at a mine site typically is used in the process water system, offsetting use of potable water. Any impacted water in excess of process water requirements must be treated prior to release.\199\ In the event a demonstration of containment cannot be satisfactorily made, a liner system placed beneath waste rock or tailing impoundments may be required.\200\ --------------------------------------------------------------------------- \196\ Ibid., page 8. \197\ Ibid., page 8. \198\ Ibid., page 8. \199\ Ibid., page 8. \200\ Ibid., page 8. --------------------------------------------------------------------------- The Copper Mine Rule also contains prescriptive requirements for closure of mine units that have the potential to impact water quality \201\ including requirements for process solution reduction ***plans*** \202\ and closure water management and water treatment ***plans***.\203\ There are prescriptive engineering design requirements for surface re-grading and cover design to ensure storm water is routed off and away from encapsulated mine waste, and that infiltration into mine waste is minimized.\204\ It should be noted that the prescriptive closure design criteria are based on designs that have been implemented successfully not only at copper mines in New Mexico, but mimic successful closure design that has been consistently required and applied at other mine sites in New Mexico. --------------------------------------------------------------------------- \201\ Ibid., page 9. \202\ Ibid., page 9. \203\ Ibid., page 9. \204\ Ibid., page 9. --------------------------------------------------------------------------- Under these regulations, any hardrock mine that has the potential to impact groundwater must obtain a permit from NMED. The Water Quality Act provides numerous enforcement mechanisms for violations of the provisions of the Act, the regulations, a water quality standard adopted pursuant to the Act, or a condition of a permit issued pursuant to the Act.\205\ These include injunctive relief ordered by a district court; suspension or termination of a permit allegedly violated; \206\ civil penalties of up to $15,000 per day of noncompliance for a violation of the Water Quality Act permit provisions at NMSA 1978, Section 74-6-5, including regulations adopted or a permit issued pursuant to that section; \207\ up to $10,000 per day for each violation of the Water Quality Act or regulations other than Section 74-6-5; up to $25,000 per day for each day of continued noncompliance with a compliance order; and criminal penalties.\208\ --------------------------------------------------------------------------- \205\ Ibid., page 6-7. \206\ Ibid., page 6-7. \207\ Ibid., page 6-7. \208\ Ibid., page 6-7. --------------------------------------------------------------------------- The New Mexico state commenters indicated that NMED and the New Mexico Energy, Minerals, and Natural Resources Department work closely together pursuant to a Joint Powers [[Page 7575]] Agreement in drafting and issuing permits for hardrock mining facilities to ensure that financial assurance and other permit requirements are consistent, integrated, and complementary. These agencies allow permitted facilities to submit a single financial assurance instrument, or set of instruments, that are jointly held by the agencies, meeting the financial assurance requirements of both statutes. They also have Memoranda of Understanding with BLM and the Forest Service to avoid duplication where federal land is involved. Through mining permits issued under the Mining Act, and groundwater discharge permits issued under the Water Quality Act, the Agencies have jointly required permittees to establish financial assurance for all operating hardrock mines in New Mexico, as well as many that are no longer operating. Freeport McMoRan Inc. commented that there are existing, state- imposed financial assurance requirements, often amounting to hundreds of millions of dollars per mine, that might be sufficient to protect against risks,\209\ and offered the example that EPA itself has adopted state reclamation requirements specified in New Mexico law, as the CERCLA remedy for the Questa mine site. --------------------------------------------------------------------------- \209\ See comments from Freeport McMoRan, Inc., EPA-HQ-SFUND- 2015-0781-2402 at page 9. --------------------------------------------------------------------------- Alaska The Alaska Department of Environmental Conservation requires financial assurance to prevent releases from mines to water.\210\ Financial assurance for reclamation at mines on state, private, municipal, and federal land is managed by the Alaska Department of Natural Resources under authority granted by the Alaska Mine Reclamation Act.\211\ The act describes a general reclamation standard which ``prevents unnecessary or undue degradation of land and water resources'' \212\ Under the mine permitting process undertaken for most large mines in Alaska, coordination with federal, state, and local governments is employed to review mine ***plans***.\213\ As evidence of the stringency of Alaska's requirements, AEMA offered comment that large mines in Alaska are required to undergo a comprehensive third-party environmental audit every five years.\214\ --------------------------------------------------------------------------- \210\ See comment from NOVAGOLD, comment number EPA-HQ-SFUND- 2015-0781-2720 at page 2. \211\ See comment from Alaska Department of Environmental Conservation, comment number EPA-HQ-SFUND-2015-0781-2785 at page 9. \212\ See comment from Alaska Department of Environmental Conservation, comment number EPA-HQ-SFUND-2015-0781-2785 at page 9. \213\ Ibid., page 10-11. \214\ See comment from AEMA, comment number EPA-HQ-SFUND-2015- 0781-2657 at page 10. --------------------------------------------------------------------------- Alaska requires further safeguards for mines where the ***plan*** includes a dam. These requirements include operation and maintenance ***plans*** and contingencies in an emergency action ***plan***.\215\ Alaska made the ``Guidelines for Cooperation with the Alaska Dam Safety ***Program***'' guidance available which outlines regulatory requirements applying to dams, including design standards, methods of analysis, [. . .] performance requirements and risk profile of the facility, operation, maintenance and monitoring requirements, emergency action ***planning*** and incident reporting, periodic safety inspections'' as well as financial assurance.\216\ --------------------------------------------------------------------------- \215\ See comment from Alaska Department of Environmental Conservation, comment number EPA-HQ-SFUND-2015-0781-2785 at page 10. \216\ Ibid., page 19. --------------------------------------------------------------------------- Colorado In 1976, the Colorado state legislature passed the Mined Land Reclamation Act \217\ (MLRA) establishing a Mined Land Reclamation Board (``Board'').\218\ The MLRA provided far more structure for permitting mine sites and, importantly, oversight of reclaiming these sites. The MLRA's legislative declaration stated: --------------------------------------------------------------------------- \217\ C.R.S section 34-32-101 et seq. \218\ See comments from Colorado Division of Reclamation, Mining and Safety at Docket ID number EPA-HQ-SFUND-2015-0781-2774, page 3. It is the declared policy of this state that the extraction of minerals and the reclamation of land affected by such extraction are both necessary and proper activities. It is further declared to be policy of this state that both such activities should be and are compatible. It is the intent of the general assembly by enactment of this article to foster and encourage the development of an economically sound and stable mining and minerals industry and to encourage the orderly development of the state's natural resources while requiring those persons involved in mining operations to reclaim land affected by such operations so that the affected land may be put to a use beneficial to the people of this state. It is the further intent of the general assembly by the enactment of this article to conserve natural resources, to aid in the protection of wildlife and aquatic resources, to establish ***agricultural***, recreational, residential, and industrial sites, and to protect and promote the health, safety, and general welfare of the people of this state. \219\ --------------------------------------------------------------------------- \219\ Ibid., page 4. In 1984, the Colorado Division of Reclamation, Mining, and Safety (DRMS) permitted the Summitville mine.\220\ This was a high elevation mine located in the historic mining district of Summitville in Southwest Colorado. Errors were made in the permitting review and initial build out of this mine site. The financial assurance at Summitville was not site-specific but based on a formulaic approach, and ultimately proved to be far short of the actual reclamation cost.\221\ The large cyanide heap leach operation almost immediately encountered problems with construction and water treatment.\222\ Ultimately, the operator walked away from the site after a significant environmental release leaving the state with an insufficient financial assurance. --------------------------------------------------------------------------- \220\ Ibid. \221\ Ibid. \222\ Ibid. --------------------------------------------------------------------------- The state indicated that it learned from the errors at Summitville, and the state legislature subsequently passed major programmatic revisions to the MLRA in 1993, strengthening permitting and enforcement provisions.\223\ Most importantly, the MLRA was specifically amended to create a new class of mining sites now known as Designated Mining Operations (DMOs) and to clearly require financial assurance for all sites based on site specific, not formulaic, criteria.\224\ --------------------------------------------------------------------------- \223\ Ibid. \224\ Ibid. --------------------------------------------------------------------------- The DMO amendment is the backbone of Colorado's hardrock regulatory ***program*** and requires operators to submit an Environmental Protection ***Plan*** with numerous technical elements that were previously not required in light of lessons learned from Summitville.\225\ A DMO's Environmental Protection ***Plan*** now describes how the operator assures protection of all areas that have the potential to be affected by designated chemicals, toxic or acid forming materials, or acid mine drainage.\226\ The ***plan*** must include an Emergency Response ***Plan*** and must implement any measures required by Colorado Parks and Wildlife for the protection of wildlife or Colorado Water Quality Control Division for the protection of water quality.\227\ Other aspects of the DMO amendment required submission of information to evaluate the potential for adverse impacts associated with acid mine drainage or acid or toxic ***producing*** materials to leach facilities, heap leach pads, tailing storage or disposal areas, impoundments, waste rock piles, stockpiles (temporary or [[Page 7576]] permanent), land application sites and in-situ or conventional uranium mining operations.\228\ --------------------------------------------------------------------------- \225\ Ibid., page 5. \226\ Ibid. \227\ Ibid. \228\ Ibid. --------------------------------------------------------------------------- Further Environmental Protection ***Plans*** must include designated chemicals and materials handling ***plans***, facilities evaluation, groundwater evaluation and protection measures, surface water control and containment facilities information, surface water quality data, hydrologic monitoring ***plans***, detailed climate data to assist in facilities design, geotechnical and geochemical data and analysis, construction schedules including quality assurance and quality control measures, plant and soils analysis, tailings and sludge disposal ***plans***.\229\ --------------------------------------------------------------------------- \229\ Ibid. --------------------------------------------------------------------------- The financial assurance amendment required all hardrock mine facilities in Colorado, including prospecting operations, to post a financial assurance equal to the amount necessary for the state to reclaim a site if permit revocation and forfeiture were to occur.\230\ The financial assurance amount is calculated during the permitting phase of a mine and updated throughout the life of the mine to account for any changes to the mining or reclamation ***plans*** or changes in reclamation costs.\231\ As discussed above, DRMS did not calculate site-specific financial assurance prior to the 1993 amendments. As part of the 1993 amendments, language was removed that had allowed sites to be permitted for an established amount (depending on permit type) and language was inserted to mandate that DRMS require, on a site-specific calculation, the total amount of financial assurance necessary for the state to complete reclamation. DRMS now calculates financial assurance amounts during permitting and periodically (at a minimum every four years) through the life of the mine.\232\ --------------------------------------------------------------------------- \230\ Ibid. \231\ Ibid. \232\ Ibid. --------------------------------------------------------------------------- The MLRA minimizes the adverse impacts of hardrock mining in Colorado by requiring every operator to obtain a permit and adhere to rigorous reclamation standards, both during and after mining.\233\ Many of the MLRA's reclamation standards are designed to prevent the release of hazardous substances into the environment.\234\ Pursuant to the MLRA, DRMS regulates mining in Colorado to protect the health, safety and welfare of the people of Colorado and to ensure that affected lands are appropriately reclaimed by those operating mines and mills.\235\ See Section 34-32-102, C.R.S Under Section 34-32-109, C.R.S , any operator of a mine or mill must obtain and maintain a reclamation permit.\236\ To ensure that reclamation obligations are performed, Section 34-32-117(1), C.R.S , provides that no mining and reclamation permit may be issued until the Board receives performance and financial warranties.\237\ Pursuant to Section 34-32-117(3)(a), C.R.S , a financial warranty consists of a written promise to the Board to be responsible for reclamation costs together with proof of financial capability.\238\ Each operator must submit a financial warranty sufficient to assure compliance with applicable reclamation standards, as incorporated in the operation's reclamation permit.\239\ See Section 34-32-117, C.R.S During the life of a mine, DRMS requires financial assurance for water quality treatment, as well.\240\ --------------------------------------------------------------------------- \233\ Ibid., page 6. \234\ Ibid. \235\ Ibid. \236\ Ibid. \237\ Ibid. \238\ Ibid. \239\ Ibid. \240\ Ibid. --------------------------------------------------------------------------- Under the MLRA, reclamation must be conducted, both during and after the mining operation, in accordance with a reclamation ***plan*** that meets certain performance standards.\241\ Many of the reclamation standards are designed to prevent releases of hazardous substances and prevent adverse impacts on surrounding properties.\242\ See Section 34- 32-116, C.R.S (requiring measures to minimize disturbance to the hydrologic balance, protect outside areas from damage, and control erosion and attendant air and water pollution).\243\ MLRA's financial assurances ensure that DRMS can complete reclamation according to those standards if the operator is unwilling or unable.\244\ Regulatory financial assurances require enormous expertise, and must be established by fact-intensive case-by-case review.\245\ DRMS calculates the financial assurance amount by developing and aggregating task-by- task cost estimates using current reference materials as well as the regional expertise of its staff.\246\ Applicants may submit initial estimates; however, DRMS rigorously reviews those estimates. DRMS is also charged with continuously reviewing the adequacy of financial warranties and uses the same methods.\247\ --------------------------------------------------------------------------- \241\ Ibid. \242\ Ibid. \243\ Ibid. \244\ Ibid. \245\ Ibid. \246\ Ibid. \247\ Ibid. --------------------------------------------------------------------------- DRMS and the Board have promulgated a robust set of rules and regulations specific to the oversight of the hardrock mining industry that implement the MLRA.\248\ The rules contain specific performance requirements for hardrock mining to protect, for example, both surface and groundwater, impacts to wildlife, and offsite impacts including erosion controls.\249\ The rules are evidence of how DRMS minimizes the risk associated with the potential for releases from hardrock mine facilities.\250\ --------------------------------------------------------------------------- \248\ Ibid., page 7. \249\ Ibid. \250\ Ibid. --------------------------------------------------------------------------- Colorado's regulatory ***program*** is predicated on three essential independent but interrelated elements; permitting, inspection and enforcement \251\ that allow DRMS to carefully ***plan*** for mining and reclamation through the permitting process which is anchored by a thorough financial warranty calculation.\252\ It also allows DRMS to periodically review sites through inspections to determine compliance with their permits and, if necessary, take enforcement action to remedy non-compliance.\253\ --------------------------------------------------------------------------- \251\ Ibid. \252\ Ibid. \253\ Ibid. --------------------------------------------------------------------------- The permitting process requires prospective operators to, among other things, assess baseline conditions for hydrology, soils, vegetation, land use, climate, geology, and ***plan*** for a number of other factors such as chemical and toxic materials handling ***plans***, as they develop their mining and reclamation ***plans***.\254\ Many of these ***plans*** are required to be certified by a registered professional engineer to ensure design integrity and performance, particularly with respect to any environmental protection facility.\255\ A financial warranty is then calculated utilizing the specific factors associated with these ***plans***, including cost details associated with construction of environmental protection facilities and costs associated with demolition and removal of some of these same facilities and structures.\256\ Other aspects included in these calculations address volumes of topsoil to be removed and replaced, volumes of overburden to be moved and regraded, waste piles and tailings impoundments to be constructed, capped and reclaimed [[Page 7577]] and types and amounts of vegetation to be reestablished.\257\ --------------------------------------------------------------------------- \254\ Ibid. \255\ Ibid. \256\ Ibid. \257\ Ibid. --------------------------------------------------------------------------- Once an application is approved and the financial and performance warranties are posted, a permit is issued.\258\ Upon permit issuance, the site inspection frequency is determined and the site is inspected at an appropriate frequency throughout its mining and reclamation life.\259\ If a violation occurs at a permitted site, this matter is presented to the Board for adjudication which includes finding a violation, possibly issuing a cease and desist order, assessing civil penalties and requiring corrective actions to remedy the violation.\260\ Failure by an operator to remedy a violation could lead to permit revocation and, ultimately, financial warranty forfeiture.\261\ --------------------------------------------------------------------------- \258\ Ibid. \259\ Ibid. \260\ Ibid., page 8. \261\ Ibid. --------------------------------------------------------------------------- Montana In the state of Montana, hardrock mining is regulated by the Montana Department of Environmental Quality pursuant to the Montana Metal Mine Reclamation Act (MMR Act).\262\ The intent of the legislation is to ``provide adequate remedies for the protection of the environmental life support system from degradation and provide adequate remedies to prevent unreasonable depletion and degradation of natural resources'' \263\ and the ``proper reclamation of mined land and former exploration areas not brought to mining stage is necessary to prevent undesirable land and surface water conditions detrimental to the general welfare, health, safety, ecology, and property rights of the citizens of the state.'' \264\ --------------------------------------------------------------------------- \262\ Montana Code Annotated section 82-4-301 et seq.; available at:   [*http://leg.mt.gov/bills/mca/title\_0820/chapter\_0040/part\_0030/sections\_index.html*](http://leg.mt.gov/bills/mca/title_0820/chapter_0040/part_0030/sections_index.html) \263\ Montana Code Annotated, section 82-4-301(2)(a). \264\ Montana Code Annotated, section 82-4-301(3). --------------------------------------------------------------------------- The state legislature has amended the MMR Act several times over the years, including reforms to address bankruptcies of mining companies. For example, in the 1999 legislative session following the bankruptcy of the Pegasus Gold Corp. the previous year, section 82-4- 390 was added to the MMR Act to prohibit open pit mining for gold and silver using the heap leach or vat leach with cyanide ore-processing agents except for certain mines that were already in operation as of November 3, 1998. In another example, section 82-4-338 concerning performance bonding requirements was substantially amended in the 2007 legislative session and now authorizes the Department of Environmental Quality to take action, including accessing the financial assurance bond and suspending the permit, to abate an imminent danger to public health, public safety or the environment caused by violation of this law.\265\ --------------------------------------------------------------------------- \265\ Montana Code Annotated, section 82-3-338(10). --------------------------------------------------------------------------- Montana has also enacted state laws to protect water \266\ and air \267\ quality, to regulate hazardous and solid waste disposal,\268\ and to assess environmental impacts.\269\ The Department of Environmental Quality has developed regulations implementing the MMR Act that require compliance with the environmental laws contained in Title 75 of the Montana Code. For example, reclamation activities must assure long-term compliance with the air and water quality laws \270\ and that operating permits must prevent acid mine drainage through the construction of earth dams or other devises to control water drainage.\271\ In another example, permit modifications require an assessment of environmental impacts pursuant to the state equivalent of NEPA.\272\ --------------------------------------------------------------------------- \266\ Montana Code Annotated, Title 75, Chapter 5. \267\ Montana Code Annotated, Title 75, Chapter 2. \268\ Montana Code Annotated, Title 75, Chapter 10. \269\ Montana Code Annotated, Title 75, Chapter 1. \270\ Montana Administrative Rules, 17.24.102(13)(f). \271\ Montana Administrative Rules, 17.24.115(1)(d). \272\ Montana Administrative Rules, 17.24.119 --------------------------------------------------------------------------- In its comments on the proposed rule, the Montana Department of Environmental Quality stated that the proposed rule was unnecessary because the state's environmental laws and the MMR Act sufficiently regulate environmental and financial risks posed by current mining operations in the state.\273\ --------------------------------------------------------------------------- \273\ See comments of Montana Department of Environmental Quality at EPA-HQ-SFUND-2015-0781-2742. --------------------------------------------------------------------------- Comments on State Mining ***Programs*** Freeport-McMoRan Inc. commented that state regulatory ***programs*** are comprehensive, staffed by experienced professionals, and effective. In evaluating the risks of hardrock mining EPA did not take into account common elements of current mining regulation, including the detailed, mandatory closure and reclamation requirements designed to restore large land areas disturbed by mining to an appropriate post-mining land uses, the long-term water management requirements designed to protect and, if needed, remediate both groundwater and surface water resources, and operational requirements designed to prevent environmental problems in the first place.\274\ --------------------------------------------------------------------------- \274\ See comments from Freeport McMoRan Inc, EPA-HQ-SFUND-2015- 0781-2793, pages 23-24. --------------------------------------------------------------------------- In its comments, the Fertilizer Institute (TFI) stated that, by applying the CERCLA ***program*** to facilities covered by existing federal and state reclamation and bonding ***programs***, EPA is duplicating such ***programs***.\275\ --------------------------------------------------------------------------- \275\ See comments from The Fertilizer Institute, EPA-HQ-SFUND- 2015-0781-2633-34, page 63. --------------------------------------------------------------------------- Newmont Mining, in its comments, noted that, given the administrative record compiled by the Agency and the excellent job that the FLMAs and States such as Nevada and Colorado already are doing in regulating the risk of unfunded CERCLA releases at hardrock mining facilities, the Agency must conclude that there is no need for another, expensive, duplicative, and preemptive rule to be layered on top of existing regulations.\276\ --------------------------------------------------------------------------- \276\ See comments from Newmont Mining Corporation, EPA-HQ- SFUND-2015-0781-2712-207, page 195. --------------------------------------------------------------------------- NMA commented that mining is comprehensively regulated by a vast range of federal, state, and local environmental laws and regulations, and that these laws and regulations provide ``cradle to grave'' coverage of virtually every aspect of mining from exploration to operations through mine reclamation and closure/post-closure.\277\ --------------------------------------------------------------------------- \277\ See comments from National Mining Association, EPA-HQ- SFUND-2015-0781-2794, page 28. --------------------------------------------------------------------------- EPA generally agrees with these commenters that in the proposed rule it did not adequately consider the protectiveness and financial assurance requirements of current state regulatory ***programs*** in assessing the ``degree and duration of risk associated with the production, transportation, treatment, storage, or disposal of hazardous substances'' and the risk that taxpayers will be forced to fund CERCLA response actions, and has based this final action in part upon its more comprehensive consideration of those existing ***programs***. Protective Mining Practices Commenters further argued that new facilities are specifically designed, constructed, operated, and closed in a manner to prevent environmental degradation and to avoid the types of problems that were caused by past practices. The information provided to EPA by commenters emphasized that an assessment of risks of damages to the [[Page 7578]] environment should not focus on mines of an earlier era, and that the targeted regulated universe--currently operating mines using contemporary mining practices--pose comparatively minimal risks of releases. NMA noted that new facilities are specifically designed, constructed, operated, and closed in a manner to prevent environmental degradation and avoid the types of problems that were caused by past practices.\278\ NMA pointed out that historical operating practices that led to the need for largescale CERCLA type responses in the past (e.g , direct disposal of tailings into streams, uncontrolled infiltration/discharge of mine impacted water, discharge of mine waste into dumps or impoundments without mitigating potential release mechanisms, etc.) are no longer utilized by the modern mining industry or compliant with current state and federal regulatory requirements. Rather, NMA notes that the mining industry routinely designs modern mining operations using detailed scientific and engineering investigations such as groundwater and surface water modeling, environmental risk assessments, and stability analyses which contribute to sound design and operating practices intended to protect human health and the environment. --------------------------------------------------------------------------- \278\ See comment from National Mining Association, EPA-HQ- SFUND-2015-0781-2794. --------------------------------------------------------------------------- NMA further stated that risks are further reduced at currently operating hardrock mining sites using technologies such secondary containment systems, seepage collection systems, surface water management systems, liners, and active monitoring systems to reduce or eliminate the risk of a release. In the event that a release or potential release is identified through installed monitoring systems, remedial actions are immediately implemented as required by regulatory ***programs*** using technologies such as interceptor wells, cutoff walls, and hydraulic capture zones.\279\ --------------------------------------------------------------------------- \279\ Ibid., Appendix B. --------------------------------------------------------------------------- NMA stated that as federal and state mining ***programs*** and groundwater protections have matured, monitoring, reporting, and corrective action have become core components of hardrock mining ***programs*** and permits, citing, for example, BLM's current regulations, promulgated in 2001, which require operators to submit a comprehensive monitoring ***plan*** that demonstrates compliance with BLM's surface management regulations and other Federal and State environmental laws and regulations, provides early detection of potential problems, and supplies information that will assist in directing corrective actions should they become necessary.\280\ --------------------------------------------------------------------------- \280\ See 43 CFR 3809.401(b)(4). --------------------------------------------------------------------------- Numerous other commenters, including MiningMinnesota, AEMA, Energy Fuels Resources, and General Moly, Inc. supported NMA's views, noting that advances in engineering controls, technology, mining industry best practices, and FLMA and state regulatory ***programs*** have lowered the ``degree and duration of risk'' to a point that CERCLA 108(b) financial responsibility requirements are not required.\281\ These commenters further elaborated that the FLMA and state mine regulatory and financial assurance ***programs*** coupled with engineering controls and best practices reduce the degree and duration of risk associated the production, transportation, treatment, storage, or disposal of hazardous substances and that these FLMA and state reclamation and closure requirements require more than simply reshaping land and revegetation--by requiring a mine to be designed, built, operated and closed to prevent the release of hazardous substances and ensure no adverse environmental impacts through the entire mine life cycle, including closure and post-closure. As such, the commenters believe no additional financial responsibility requirements are necessary to protect the taxpayers or the Superfund Trust Fund. --------------------------------------------------------------------------- \281\ See comments from MiningMinnesota, EPA-HQ-SFUND-2015-0781- 2655 and from American Exploration and Mining Association (AEMA), EPA-HQ-SFUND-2015-0781-2657, and General Moly, Inc., EPA-HQ-SFUND- 2015-0781-2715. --------------------------------------------------------------------------- The Idaho Mining Association (IMA) echoed the same message, noting that modern mining techniques and best practices in the mining industry use technology and appropriate controls in combination with FLMA and state ***programs*** to lower risk of release such that EPA's proposed rule is not necessary.\282\ --------------------------------------------------------------------------- \282\ See comment from the Idaho Mining Association, EPA-HQ- SFUND-2015-0781-2772. --------------------------------------------------------------------------- For the ***planned*** Donlin Gold project in Alaska, Calista Corporation noted in its comments that one of the primary goals has been to avoid environmental and human health risks both from ***planned*** operations and potential unanticipated releases of hazardous substances such as tailings, acid rock drainage, mercury, cyanide, and fuel oil. For example, the Donlin Gold tailings storage facility design is state-of- the-art and includes: (1) Downstream, rock fill dam construction keyed into bedrock, (2) a geo-synthetic liner, and (3) dry closure to minimize long-term water management needs.\283\ --------------------------------------------------------------------------- \283\ See comment from Calista Corporation, EPA-HQ-SFUND-2015- 0781-2644. --------------------------------------------------------------------------- Freeport-McMoRan provided numerous specific examples of how the hardrock mining industry has improved its management of environmental impacts:  In the area of managing the acidic content of waste rock, the industry employs a far more sophisticated and technology-driven approach that includes a thorough geochemical analysis of the ore reserve body being mined. Using up-to-date information, trucks equipped with GPS systems are routed to specific designated disposal locations based on the acidic potential of the waste rock. These locations in turn are selected based on geochemical modeling that can project out far into the future. Potentially acid-generating material is disposed of in engineered facilities designed to minimize the potential for acid generation by encapsulation or neutralization and thereby reducing the potential for acid rock drainage and seepage.      The changes to the design and operation of tailings ponds over the last 25 years are also quite extensive. At the operational level, qualified internal tailings-dedicated engineers and onsite leaders manage tailings stability. Sites with tailings dams follow established operations, maintenance and communication protocols. In this process, items regularly inspected and monitored are: Phreatic level trends, deposition ***plans*** and adherence to good operational construction practices, water management controls (including pool sizes and location relative to dam faces), seepage management, decant systems and other stability components.      Prior to the revisions to state mining ***programs*** during the late 1980s and into the early 1990s, it was not uncommon for waste rock stockpiles, tailings impoundments, leach pads and ponds to be built with limited or no engineering and design review, limited quality control and questionable operational practices. For example, some leach pads were built on somewhat compacted sub-grade overlain with solvent welded poly-vinyl chloride (PVC) plastic sheeting, many times installed by mine site employees without specific expertise in the construction of these systems. These pads usually had ditches lined with Hypalon sheeting due to this material's superior ultraviolet light resistance compared to PVC. Many of these sites have been decommissioned, closed, and

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replaced by more environmentally robust options.      Modern tailings disposal facilities are engineered and constructed utilizing environmental protection controls. These facilities are constructed utilizing geologic containment or engineered liners to contain the fluid portion of the tailings. As time passes following deposition, the solid fraction of the tailings consolidates, reducing the interstitial pore space and thereby decreasing the hydraulic permeability to a value that is often less than the liner material used during construction. These facilities are often equipped with controls, such as barge pump back systems and containment/ collection wells at the toes of the units, to capture any seepage and allow for the recycling of captured water. Upon closure, these facilities take measures to minimize net infiltration into the tailings, such as by utilizing stormwater controls and ensuring that there is positive drainage during storm events. Tailings facilities are also covered and revegetated to ***produce*** a passive evapotranspiration mechanism which further reduces net infiltration. These tailings disposal facilities are operated following Tailings Management ***Plans*** which are included in the application for environmental protection permits issued by state regulating agencies.      Prior to the placement of waste rock, the proposed site is evaluated for environmental risks including upstream stormwater run-on, seeps and springs upwelling from beneath the proposed facility, proximity to streams and rivers and other site specific exposures. The waste rock facility must be designed and built in accordance with engineering and construction details required by a mine's state-issued permit, which must be based on geotechnical stability analyses. Stormwater management measures, such as diversion features to intercept water and direct it around the waste rock facility, and facility management ***plans*** that govern the placement of potentially-reactive material are also employed to limit contact with potentially acid- ***producing*** materials. Other management strategies that may be employed to limit contact with potentially acid-generating material may include blending with neutralizing rock, segregation in cells that are set back a prescribed distance from the base and edges of the facility and are covered or encapsulated in neutralizing material, and landform design to minimize stormwater ponding. Concurrent reclamation is also often incorporated to further reduce the potential for net infiltration into the waste rock facility and return the area to a productive post-mining land use. Waste rock facility inspections by the operator and regulatory inspectors are also performed on schedules based upon regulatory requirements imposed by laws, regulations and permit stipulations. These inspections include looking for seepage from the facility, slope stability, stormwater ponding and other prescribed conditions. Any issues observed must be corrected per the regulatory and permit requirements imposed. These inspections are conducted during operation and continue through the closure period following reclamation of the facility.     Several commenters also commented on the usefulness of environmental management systems (EMSs) and best management practices (BMPs). For example, NMA commented that the introduction of EMSs in the 1990s was another key development for improved environmental performance--a framework that helps an organization meet its regulatory compliance requirements and otherwise achieve its environmental goals through consistent review, evaluation, and improvement of its environmental performance.\284\ This consistent review and evaluation are intended to identify opportunities for continuous improvement in the environmental performance of the organization. NMA states that many HRM facilities have implemented EMS ***programs***, noting that at EPA's request, it, in association with the Society for Mining, Metallurgy, and Exploration (``SME''), developed a model EMS guide to address the agency's concerns about the ability of smaller and medium size mining companies to develop and implement EMS ***programs***. The objective of the EMS guide is to assist companies in achieving reliable regulatory compliance, reducing adverse impacts to the environment, improving environmental stewardship, and continually improving environmental performance. NMA notes the most commonly used framework for an EMS is the one developed by the International Organization for Standardization (``ISO'') for the ISO 14001 standard. Established in 1996, this framework is the official international standard for an EMS and includes an optional third-party certification component, meaning an independent certification body audits an organization's practices against the requirements of the standard. Many HRM facilities have taken this extra certification step. The ISO 14001, first published in 1996, underwent significant revisions in both 2004 and 2015. ---------------------------------------------------------------------------

    \284\ See comment from National Mining Association, EPA-HQ- SFUND-2015-0781-2794. ---------------------------------------------------------------------------

    Freeport-McMoRan similarly commented that EPA did not consider the implementation of EMSs--under standards developed by reputable third- party organizations, such as the International Standards Organization and the International Council on Mining and Metals.\285\ The commenter noted that such standards commit participants to continuing process improvement above and beyond minimum legal requirements. Likewise, standards for sustainability, such as ICMM's, require third party assurance and verification ***programs***. Freeport-McMoRan stated these private initiatives supplement state ***programs***, adding an additional layer of best practices and external review above and beyond what is legally required. The Arizona Department of Environmental Quality (ADEQ) supported this approach, noting the usefulness of its Voluntary Environmental Stewardship ***Program*** (VESP) and Voluntary Remediation ***Program*** (VRP) that are innovative systems not based on enforceable commitments required for reductions.\286\ ADEQ also stated the usefulness of EMSs, ISO certification, third party inspection ***programs***, or similar types of state and federal ***programs*** for reducing risk from mining operations and specifically noted that Freeport-McMoRan, with mines in Arizona, employs industry best practices of an ISO14000 environmental management system. ---------------------------------------------------------------------------

    \285\ See comment from Freeport-McMoRan, EPA-HQ-SFUND-2015-0781- 2793.     \286\ See comment from the Arizona Department of Environmental Quality (ADEQ), EPA-HQ-SFUND-2015-0781-2714. ---------------------------------------------------------------------------

    With respect to BMPs, the Forest Service commented that EPA acknowledges that ``[t]oday, BMPs have been developed that can mitigate potential impacts from mining to meet EPA's goal `. . . that the engineering requirements will result in a minimum degree and duration of risk associated with the production, transportation, treatment, storage, or disposal, as applicable, of all hazardous substances present at that site feature.\287\ However, comments submitted by Earthworks, et al. raise concern about the use of BMPs, noting that no data was provided to demonstrate that these rules have reduced, or prevented, releases of hazardous materials. Earthworks further noted that numerous reports document substantial impacts at modern hardrock mines, particularly those associated

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with the release of hazardous materials.\288\ ---------------------------------------------------------------------------

    \287\ See comment from USDA Forest Service, EPA-HQ-SFUND-2015- 0781-2400.     \288\ See comment from Earthworks et al., EPA-HQ-SFUND-2015- 0781-2739. ---------------------------------------------------------------------------

    EPA recognizes that substantial advances have been made in the development of mining practices and the implementation of federal and state regulatory ***programs*** to address releases at hardrock mining facilities. While the risk of a release is never totally eliminated, commenters provided information regarding state regulation of hardrock mining facilities, including detailed information on controls those ***programs*** require to prevent releases. This information indicates that state and voluntary ***programs*** improve in response to incidents. Barrick Gold commented that EPA cited some releases including at the Summitville and Zortman-Landusky mines, which the commenter stated cannot occur again because federal land management agencies and state regulators have strengthened requirements and practices to prevent the issues that occurred previously. Specifically, they stated that regulations and policy were modified to more carefully identify risks of acid rock drainage or other water contamination, to control potential sources though mine design and to assure those measures are implemented through permit and monitoring obligations. The Colorado Department of Natural Resources, Division of Reclamation, Mining, and Safety's comments support Barrick's statements, stating that ``the state learned from the errors at Summitville, and the state legislature passed major programmatic revisions to the Mined Land Reclamation Act (MLRA)'' that ``strengthened permitting and enforcement provisions. Most importantly, the MLRA was specifically amended [. . .] to clearly require financial assurance for all sites based on site specific, not formulaic, criteria.'' \289\ ---------------------------------------------------------------------------

    \289\ See comment from Colorado Department of Natural Resources, EPA-HQ-SFUND-2015-0781-2774, page 3. ---------------------------------------------------------------------------

    The Nevada Mining Association's comments reference Nevada's continual improvement of its regulatory ***programs*** to ensure effectiveness and efficiency. This comment argues that state ***programs*** are not static and rather make constant improvements.\290\ Comments from the Small Business Administration Office of Advocacy explained that the bonding requirements of the Nevada ***program*** have been more recently upgraded, in part, because of the experience gained from administering mines through bankruptcies in the early 1990s \291\ NMA notes improvements to federal and state ***programs*** made in response to bankruptcies in the mining industry experienced in the 1990s and early 2000s \292\ One coordinated improvement of Federal Land Management Agencies and Nevada cited is the development of the SRCE mentioned above. ---------------------------------------------------------------------------

    \290\ See comment from the Nevada Mining Association, EPA-HQ- SFUND-2015-0781-2684, page 7.     \291\ See comment from the Small Business Administration, EPA- HQ-SFUND-2015-0781-1406, page 4.     \292\ See comment from the National Mining Association, EPA-HQ- SFUND-2015-0781-2794, page 64. ---------------------------------------------------------------------------

    Additionally, a commenter operating in several states stated that EPA's evaluation of risk failed to consider important aspects of modern mining, including the deployment of voluntary industry ***programs*** (e.g , the International Council on Mining and Metals (ICMM) Sustainable Development Framework) and robust environmental management systems with third-party certification.\293\ A commenter also noted the International Cyanide Management Code for the Manufacture, Transportation, and Use of Cyanide in the Production of Gold, which was developed under the guidance of the United Nations Environment ***Program***. The code ``focuses exclusively on the safe management of cyanide and cyanidation mill tailings and leach solutions. Companies that adopt the Cyanide Code must have their mining and processing operations that use cyanide to recover gold and/or silver audited by an independent third party to determine the status of Cyanide Code implementation.'' The requirements under the code include storage and mixing location and containment, secondary containment, lining for leach ponds, and spill prevention and containment.\294\ Similarly, another commenter stated that EPA failed to adequately recognize the impacts of the development and adoption of industry BMPs, other voluntary ***programs***, and environmental management systems.\295\ ---------------------------------------------------------------------------

    \293\ See comment from Freeport-McMoRan Inc., EPA-HQ-SFUND-2015- 0781-2402.     \294\ See Id., Appendix D page at 8.     \295\ See comment from National Mining Association, EPA-HQ- SFUND-2015-0781-2794. ---------------------------------------------------------------------------

    EPA acknowledges that the requirements of current federal and state ***programs*** can reduce risk at hardrock mining facilities, and that when determining the need for section 108(b) requirements for hardrock mining facilities at proposal, EPA did not adequately consider their impact. EPA agrees with commenters opposing the proposed rule that those reductions in risk should be considered in determining the need for final requirements under section 108(b) for current hardrock mining operations.\296\ The Agency is thus convinced by those commenters and its own further investigations that the rulemaking record supporting requirements under section 108(b) for currently operating facilities was incomplete in not adequately considering the risk reductions currently obtained by other Federal and state regulatory ***programs***. While EPA also acknowledges that the risk of a release is never totally eliminated by the requirements of other ***programs***, this residual risk is to be evaluated in light of EPA's discretion under the statute on whether to set section 108(b) requirements, and in light of the other information in the record for today's action discussed elsewhere in this final rulemaking. Viewed in this manner, such residual risk does not change EPA's conclusion that it is not appropriate to issue final section 108(b) requirements for current hardrock mining operations. ---------------------------------------------------------------------------

    \296\ As discussed above, this determination applies only to EPA's authority under section 108(b) and does not affect EPA's authority to take action under other sections of CERCLA or under other federal law at any facility, including at a facility discussed in this preamble. ---------------------------------------------------------------------------

    Finally, it should be noted that in addition to the federal and state mining ***programs*** that regulate mine operation and closure, hardrock mining facilities are regulated under a number of other federal ***programs***, discussed above, which contribute to reduction in risk at these facilities. For example, mines are generally required under the Clean Water Act regulations to obtain NPDES permits, and to meet federal water quality standards for point-source discharges to water sources from industrial operations. Requirements of the Safe Drinking Water Act include permitting and technical standards for underground injection wells that might be used in mineral extraction. And, requirements under the CAA apply National Emission Standards for Hazardous Air Pollutants to hazardous air releases from mining and processing operation sources. b. Comments Providing Information on Reduced Costs to the Taxpayer Resulting From Effective Hardrock Mining ***Programs*** and Owner or Operator Responses     Commenters also argued that the reduced risk at modern hardrock mining facilities is evidenced by the fact that there are very few cases where modern hardrock mining facilities have been addressed by Superfund and/or at taxpayer expense.

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    Several commenters disagreed with EPA's assertion in the proposal that the estimated $4 billion spent by EPA through the Superfund for cleanup costs at historical hardrock mining facilities is an indication of the relative risk present at the facilities covered by the proposed rule. Commenters stated that EPA did not differentiate between costs associated with the highly-regulated mining practices of today and pre- regulation practices in developing that number. EPA agrees that the analysis discussed in the preamble to the proposed rule \297\ did not adequately distinguish between legacy and current mines. ---------------------------------------------------------------------------

    \297\ See 82 FR 3479, January 11, 2017. ---------------------------------------------------------------------------

    Commenters argued that such analyses would further demonstrate that any risks from modern operations entail much less costly responses, and that the bulk of the observed historical response costs are attributable to pre-regulation practices.     In addition, many commenters stated that the risk that there will be inadequate funding to cover CERCLA liabilities at hardrock mining facilities in the future is adequately addressed by existing federal and state financial assurance ***programs***. Commenters provided numerous examples of existing trust, bonds, and letters of credit (LOCs) available to pay for necessary actions at these sites.\298\ Commenters also provided examples of facilities where the response costs have been paid for by owners and operators at no cost to taxpayers.\299\ ---------------------------------------------------------------------------

    \298\ See a discussion of this issue in the Technical Support Document for this final rulemaking: EPA, CERCLA Section 108(b) Hardrock Mining Final Rule: Technical Support Document, December 1, 2017.     \299\ See a discussion of this issue in the Technical Support Document for this final rulemaking, Ibid. ---------------------------------------------------------------------------

    Since a goal of section 108(b) requirements is to provide funds to address CERCLA liabilities at sites, evidence of such privately-funded responses contributes to support for the decision that financial responsibility requirements under section 108(b) for current hardrock mining operations are not appropriate.

E. Evidence Rebutting EPA's Site Examples

    In developing the 2009 Priority Notice and the proposed rule, EPA cited examples of hardrock mining facilities where releases of hazardous substances have occurred, and in some cases where CERCLA or CERCLA-like actions were necessary, as evidence of risk associated with hardrock mining operations.\300\ The examples fell into three categories: (1) Examples now not relevant to the mines to be regulated under the rule, (2) examples reflecting a reassessment of costs to the taxpayers based on new information, and (3) examples where ***program*** requirements were subsequently modified to address the problem. ---------------------------------------------------------------------------

    \300\ See the Releases Report, the Practices Report, and the Evidence Report. NMA comments included a detailed critique of the Practices Report prepared by the Society for Mining Metallurgy and Exploration, Inc., as Appendix D to its comments. ---------------------------------------------------------------------------

    Commenters on the proposed rule provided information to rebut the facts associated with the case studies and their significance in support of the 2009 Priority Notice and the proposed rule, by pointing out that response actions were due to legacy contamination, were privately funded, were covered by financial assurance under other law, or were the result of situations that have been subsequently addressed by state law.\301\ The information provided by these case studies formed a significant portion of the record on which the 2009 Priority Notice and the proposed rule were based. This additional information provided by commenters has caused EPA to reevaluate its conclusions in the proposed rule regarding the level of potential taxpayer liability from modern mines operating under currently existing regulatory ***programs***. ---------------------------------------------------------------------------

    \301\ In fact, comments submitted by NMA included a lengthy Appendix addressing the individual facilities cited by EPA. See comment EPA-HQ-SFUND-2015-0781-2794, Appendices C-1, C-2, and C-3. ---------------------------------------------------------------------------

    One example in each of the three categories is discussed below. A full discussion of the case studies and the evidence provided in rebuttal can be found in a support document entitled ``CERCLA Section 108(b) Hardrock Mining Final Rule: Technical Support Document,'' which is available in the docket for this rulemaking. 1. Example of Sites Now Not Relevant to the Mines To Be Regulated Under the Rule     Commenters provided information demonstrating that several of the site examples relied upon in the proposed rule are not relevant to an evaluation of the risk at current hardrock mining operations because they relate to historic mining activities that do not reflect current mining practices or regulatory regimes at the state or federal level. EPA agrees that the historical mining practices, and environmental contamination that may have occurred as a result of such practices, are not an accurate representation of the risks associated with current hardrock mining operations. Many of the sites referenced in the proposed rule, the 2009 Priority Notice, and record of support, are not relevant to EPA's assessment of risk posed by current hardrock mining operations that are already subject to applicable federal and state regulatory regimes. Rio Tinto Kennecott Bingham Canyon Site in Utah is an example of a site that was now not relevant to current hardrock mining operations.     This mine was included in the preamble of the proposed rule as an example of the impacts that can occur from large-scale operations.\302\ For example, the discussion of this mine references the large-scale disturbance of land, accumulation of waste rock, and leaching of hazardous substances and acid rock drainage, but it does not provide details about the history of the mine or context about whether certain activities are best characterized as legacy mining activities or ones that reflect current mining practices and regulatory regimes. ---------------------------------------------------------------------------

    \302\ 82 FR 3388, 3472; see also, Comment submitted by Earthworks (EPA-HQ-SFUND-2015-0781-1072). The four-page report characterizes the mine as the ``second most polluting mine in the US by toxic releases'' based on TRI data; however, as noted in the preamble to the final rulemaking, TRI data are not an accurate representation of risk at a particular site. As the Earthworks comment notes, EPA and the state have reached an agreement to not finalize the proposal to list the site on the NPL and there have been several state and federal regulatory and enforcement actions at the site, which required the company to take steps to mitigate risks to human health, water, and other natural resources. ---------------------------------------------------------------------------

    According to Rio Tinto's comments and EPA's record for the site, there has been active mining in the canyon since the 1860s and that the historic mining activities ``based on a less sophisticated understanding of environmental sciences and substantially less regulation by emerging environmental protection laws inarguably left their mark.'' \303\ According to the record for this action, EPA has secured more than $270 million to pay for response actions for this site through enforcement orders and consent decrees. Rio Tinto in its comments acknowledges that accidents do happen and that reporting, inspections, and enforcement can help prevent and address problems that do occur. In its comments, NMA stated that the cooperation between the mining company, EPA, and the state is a model for addressing legacy environmental contamination at mining sites.\304\ EPA has touted the cooperative effort to clean up the site as a ``major accomplishment of the Superfund ***program*** and law.'' \305\ Further

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discussion of this mine can be found in the Technical Support Document for this final rulemaking.\306\ EPA agrees that this mine, which has an expansive footprint but whose current operations are subject to considerable oversight by regulatory authorities, is not a relevant example on which to base a rule under section 108(b). ---------------------------------------------------------------------------

    \303\ EPA-HQ-SFUND-2015-0781-2747; see also, EPA-HQ-SFUND-2015- 0781-0186.     \304\ EPA-HQ-SFUND-2015-0781-2794, table C.     \305\ See comment from the National Mining Association, EPA-HQ- SFUND-2015-0781-2747, Appendix F.     \306\ See: EPA, CERCLA Section 108(b) Hardrock Mining Final Rule: Technical Support Document, December 1, 2017. ---------------------------------------------------------------------------

2. Example Reflecting Reassessment of Costs to the Taxpayers Based on Additional Information     As discussed above, a goal of regulations under section 108(b) is to increase the likelihood that owners and operators will provide funds necessary to address the CERCLA liabilities at their facilities. In doing so, section 108(b) requirements assure that owners and operators, rather than the taxpayers, bear the costs associated with necessary responses to releases and potential releases of hazardous substances at their sites. Commenters on the proposed rule objected that EPA did not properly consider whether a release resulted in expenditure of taxpayer funds to determine the need for a rule under section 108(b). EPA's reconsideration of these case studies supports the determination that section 108(b) financial responsibility requirements at hardrock mining facilities are not necessary to provide funds to address CERCLA liabilities at sites. Many of the sites referenced in the proposed rule, the 2009 Priority Notice, and record of support, are not relevant to EPA's assessment of risk posed to the taxpayer because cleanup is being paid for by private parties. Golden Sunlight Mine in Montana is an example of such a site.     The Releases Report presented this mine as an example of a current mine with releases to the environment where a response action was necessary. NMA and Barrick Gold both commented that the releases from the tailings facility detected in 1993 were discovered by monitoring implemented at the behest of state mining permits at the site and corrective action was taken by the operator.\307\ In the proposed rule, the agency described the actions by the owner/operator to immediately repair the bentonite cut-off wall to control seepage from the tailings impoundments. The facility has also installed an extensive system of monitoring wells and several hydrogeologic investigations have been undertaken to continue to monitor, evaluate, and control leakage from the tailings impoundment. ---------------------------------------------------------------------------

    \307\ National Mining Association comments on proposed rule appendix table C-2 pg 6; Barrick Gold July 11, 2017 comments on proposed rule page 20. ---------------------------------------------------------------------------

    As discussed in the Technical Support Document and elsewhere in the preamble, Montana substantially reformed its mining laws over the past couple of decades. Montana Department of Environmental Quality commented on the proposed rule that Montana State Law ``requires Hard Rock operators to submit to Montana Department of Environmental Quality a bond in an amount no less than the estimated cost to the state to ensure compliance with Montana's Air Quality Act, Montana's Water Quality Act, the Metal Mine Reclamation Act, and the permit issued by DEQ under the Metal Mine Reclamation Act (MMRA). The site is also subject to Montana's Environmental Policy Act (MEPA) which is patterned after NEPA). The mine has been the subject of several environmental assessments and one environmental impact statement for amendments to its operating permit. In addition, and at a minimum, Montana Department of Environmental Quality is required to perform a comprehensive bond review every five years for each Hard Rock operation to ensure that the bonding level is appropriate.'' \308\ ---------------------------------------------------------------------------

    \308\ EPA-HQ-SFUND-2015-0781-2742. ---------------------------------------------------------------------------

    The Agency researched Montana's requirement to perform a comprehensive bond review every five years as it applies to the Golden Sunlight Mine. The agency found a final bond determination for Golden Sunlight Mine dated July 28, 2017 in which Montana DEQ determined that the current bonding level of $112,153,980 did not represent the present cost of compliance with the MMRA, the administrative rules, and Operating Permit No. 00065. After negotiations between Montana Department of Environmental Quality, the Bureau of Land Management, and the mine owner, and a 30-day comment period, the bond amount was increased to $146,564,163. The next comprehensive bond review will be in 2020.\309\ Further discussion of this mine can be found in the Technical Support Document for this final rulemaking.\310\ ---------------------------------------------------------------------------

    \309\ See: EPA, CERCLA Section 108(b) Hardrock Mining Final Rule: Technical Support Document, December 1, 2017. [*http://deq.mt.gov/Portals/112/Land/Hardrock/Active%20Amendments/Golden%20Sunlight%20016/00065\_GSM\_2017\_07\_28\_Final\_Bond.pdf*](http://deq.mt.gov/Portals/112/Land/Hardrock/Active%20Amendments/Golden%20Sunlight%20016/00065_GSM_2017_07_28_Final_Bond.pdf)     \310\ See: EPA, CERCLA Section 108(b) Hardrock Mining Final Rule: Technical Support Document, December 1, 2017. ---------------------------------------------------------------------------

3. Example Where ***Program*** Requirements Were Subsequently Modified To Address the Problem     Commenters provided information to demonstrate that when problems have arisen at hardrock mining facilities, states have responded by improving their ***programs*** to prevent similar problems in the future and that there is, therefore, no need for financial responsibility requirements under section 108(b). Commenters provided examples of such state ***program*** modifications to rebut evidence provided in the record supporting the proposed rule. Barite Hill/Nevada Goldfields Facility in South Carolina is an example of a situation where ***program*** modifications reduced future risk.     As was discussed in the proposed rule, the Barite Hill/Nevada Goldfields was a gold and silver surface mine located in McCormick, South Carolina that was operated by Nevada Goldfields.\311\ The mine operated an open pit cyanide heap leach operation on the property from 1989 to 1994. Nevada Goldfields conducted mine reclamation activities from 1995 to 1999, when it filed for bankruptcy and abandoned the site, turning over control to the South Carolina Department of Health and Environmental Control.\312\ ---------------------------------------------------------------------------

    \311\ 82 FR at 3473.     \312\ ATSDR 2011 PHA Barite Hill EPA-HQ-SFUND-2015-0781. ---------------------------------------------------------------------------

    NMA commented that EPA's description of the mine in the proposed rule included mischaracterizations and omissions, including that significant changes were made to South Carolina Mining Act in 1990 that specified reclamation requirements and provided enforcement tools. NMA also stated that the most recent facility that had been permitted in the state had a waste rock management ***plan*** to prevent acid mine drainage.\313\ EPA has confirmed that South Carolina finalized regulations implementing this new authority in 1992, including requirements that a mine obtain a reclamation bond as a condition for receiving a mining permit, and that the recently permitted gold mine is subject to stricter environmental and financial assurance requirements.\314\ These regulations were not completed in time to significantly reduce risks at Nevada Goldfields, which ceased active mining in 1994, but EPA believes that similar mines operating in South Carolina today under

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the current regulations would have significantly reduced risks of unpermitted releases and taxpayer liability. Further discussion of this mine can be found in the Technical Support Document for this final rulemaking. ---------------------------------------------------------------------------

    \313\ NMA EPA-HQ-SFUND-2015-0781-2794 Attachment #109 pdf p. 81/ 119; Attachment #110 pdf p. 330, 346, and 387/440.     \314\ S.C State Register, Vol. 16, Issue 4 (April 24, 1992); available at: [*http://digital.tcl.sc.edu/cdm/compoundobject/collection/scsreg/id/31138/rec/5*](http://digital.tcl.sc.edu/cdm/compoundobject/collection/scsreg/id/31138/rec/5). ---------------------------------------------------------------------------

F. Information Regarding Financial Responsibility Instrument Availability

    During the public comment period for the proposed rule, commenters representing or participating in the insurance, surety and banking industries identified several concerns with EPA's proposed instrument terms, and expressed concern that those terms could impact the availability of instruments. Similarly, entities in the mining industry expressed concerns that instruments may not be available for the amounts proposed in the forms specified. Information provided by commenters on likely lack of available instruments to satisfy section 108(b) requirements provides further support for EPA's determination that the proposed financial responsibility requirements are not appropriate.     EPA considered the capacity of the financial market to provide instruments as part of the development of the proposed rule. The Conference Committee Report for the Consolidated Appropriations Act (2016) instructed EPA to conduct a study of the market capacity regarding the necessary instruments for meeting any new section 108(b) financial responsibility requirements. EPA accordingly developed a study,\315\ which suggested significant uncertainty exists around the ultimate availability of instruments. ---------------------------------------------------------------------------

    \315\ Doc. ID EPA-HQ-SFUND-2015-0781-0496; Letter from USEPA, Chief Financial Officer, to members of Senate and House Subcommittees on Interior, Environment, and Related Agencies, dated Sept. 1, 2016, along with attached submission of EPA study titled, ``CERCLA 108(b) Hardrock Mining and Mineral Processing Evaluation of Markets for Financial Responsibility Instruments, and the Relationship of CERCLA 108(b) to Financial Responsibility ***Programs*** of Other Federal Agencies'', August 25, 2016. ---------------------------------------------------------------------------

    Many commenters expressed concerns regarding the uncertainty inherent in the study as well and expressed concerns that financial responsibility instruments may not be universally available and affordable.\316\ The concerns raised by commenters regarding the terms and conditions of the proposed instruments as well as the comments on the market capacity study have contributed to uncertainty regarding the availability of instruments to owners and operators seeking to comply with the proposed section 108(b) requirements. If instruments were not available, owners and operators would be unable to comply with section 108(b) requirements, and the goal of the rule to provide funds to address CERCLA liabilities at sites would not be achieved. ---------------------------------------------------------------------------

    \316\ See, for example, Freeport McMoran comments on the proposed rule Docket ID: EPA-HQ-SFUND-2015-0781-2793 pg 89-91; American Exploration and Mining Association comments on the proposed rule Docket ID: EPA-HQ-SFUND-2015-0781-2795 pg 30-32; National Mining Association comments on the proposed rule Docket ID: EPA-HQ- SFUND-2015-0781-2794 pages 81-82. ---------------------------------------------------------------------------

    The issue of availability of instruments is discussed in more detail in section VII.D of this final rulemaking.

V. Decision to Not Issue the General Facility Requirements of Subparts A Through C in This Final Rulemaking

    The Agency also has decided not to issue as final any provisions of the proposed rule, including the general financial responsibility requirements in subparts A through C. EPA would include general facilities requirements, such as these, in the first of any subsequent rulemaking proposals under section 108(b), rather than issue final requirements under those subparts at this time.     EPA decided on this approach because there is no need to issue final requirements in subparts A through C at this time as they would not be applicable to any classes of facilities until such time as final section 108(b) regulations applicable to classes of facilities are issued.     In addition, the Agency received significant comment on the general financial responsibility provisions of the proposed rule, many of which identified significant issues with those portions of the proposal. These included, for example, the financial industry's concerns regarding certain provisions included with the language of the instruments, as described in detail below. By issuing a new proposed set of general requirements for any subsequent industry class, EPA would to be able to gather additional information as appropriate. Accordingly, EPA would be able to present a new set of general facility requirements in any subsequent proposal, with an additional opportunity for public comment, rather than having to create a proposal to modify existing requirements, thus avoiding potential confusion to commenters.

VI. Obstacles To Developing and Implementing Section 108(b) Financial Responsibility Requirements for Hardrock Mining Facilities

    EPA decided not to issue final requirements under section 108(b) for hardrock mining facilities because the Agency believes that final requirements are not appropriate. Furthermore, the Agency encountered a set of challenges that validate the decision not to issue final regulations. First, challenges remain regarding the potential disruption of state, tribal, and local mining ***programs*** by section 108(b) requirements. Second, section 108(b) continues to present particular challenges regarding the determination of a financial responsibility amount. Third, the Agency's evaluation of the economic impacts of the proposed rule does not support the need for a rule. Fourth, concerns regarding the availability of instruments remain. Finally, section 108(b) continues to present challenges in identifying the facility for purposes of the rule. These concerns were raised by commenters, and are discussed in detail below.

A. Potential Disruption of State, Tribal, or Local Mining ***Programs***

    In the proposed rule, EPA acknowledged the role that effective reclamation and closure requirements at hardrock mining facilities under federal and state ***programs*** can have in reducing the likelihood of releases or potential releases of hazardous substances to the environment. EPA also documented that federal and state mining regulatory ***programs*** require financial assurance to support implementation of reclamation and closure requirements.     Numerous observers raised questions about the effects of an express preemption provision in CERCLA section 114(d) during EPA's development of the proposed rule. This provision states in part:

    Except as provided in this subchapter, no owner or operator of a . . . facility who establishes and maintains evidence of financial responsibility in accordance with this subchapter shall be required under any State or local law, rule or regulation to establish or maintain any other evidence of financial responsibility in connection with liability for the release of a hazardous substance from such . . . facility. Evidence of compliance with the financial responsibility requirements of this subchapter shall be accepted by a State in lieu of any other requirement of financial responsibility imposed by such State in connection with liability for the release of a hazardous substance from such . . . facility.\317\

    \317\ 42 U.S.C 9614(d). ---------------------------------------------------------------------------

    EPA discussed its views on the preemption provision in the proposed rule. Specifically, EPA explained that it did not intend for its section 108(b) regulations to result in widespread displacement of state mine bonding ***programs*** under section 114(d), nor did

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it believe that such preemption is intended by CERCLA, necessary, or appropriate. In support of this conclusion, EPA discussed the language of paragraph (d) and section 114 as a whole, and considered whether state bonding ***programs*** were ``in connection with liability for the release of a hazardous substance'' as that term is used in section 114(d), and also took into account relevant policy considerations.\318\ ---------------------------------------------------------------------------

    \318\ 82 FR 3403-04. ---------------------------------------------------------------------------

    Commenters on the proposal nevertheless continued to express concern that preemption would indeed occur if section 108(b) requirements were implemented at facilities, resulting in disruption of those ***programs*** not only from successful preemption challenges, but also from the mere need to defend against those challenges.\319\ ---------------------------------------------------------------------------

    \319\ See, for example, Montana Dept. of Environmental Quality, Comment #: EPA-HQ-SFUND-2015-0781-2742; Arizona Dept. of Environmental Quality (ADEQ), Comment #: EPA-HQ-SFUND-2015-0781- 2714; and State of Alaska (Dept. of Natural Resources (ADNR), Dept. of Environmental Conservation (ADEC), and the Alaska Dept. of Law), Comment #: EPA-HQ-SFUND-2015-0781-2785. ---------------------------------------------------------------------------

    Although EPA discussed its views on the question in the proposed rule, it will be the courts, rather than EPA, that will decide the effect of section 114(d). Thus, EPA cannot ensure that preemption will not occur if financial responsibility under section 108(b) requirements is in place at a facility. EPA thus understands why states and local governments have concerns that they would have to defend preemption challenges, and concerns over the possibility that preemption could occur.     EPA also recognizes that the potential impact of preemption of financial assurance requirements extends beyond the concerns relating to the financial impacts, as financial assurance is an integral part of state mining ***programs***--that is, financial assurance can provide enforcement leverage to regulators, and can prevent delays in conducting closure and reclamation at a site should the owner or operator become unwilling or unable to do so, thus minimizing environmental harm.     For all of these reasons, EPA believes that preemption of state financial assurance requirements, should it occur, would be an undesirable and damaging consequence of section 108(b) requirements. The Agency's decision not to issue final requirements under section 108(b) for hardrock mining facilities avoids this undesirable outcome.

B. Challenges To Determine the Level of Financial Responsibility

    In developing the proposed rule, EPA considered four approaches to identify a financial responsibility amount for a facility--fixed amount, site-specific amount, parametric approach, and formulaic approach, and described three of those approaches in the proposed rule. EPA also identified some of the challenges of the three approaches described and sought comment on various aspects of these approaches.     Under a fixed amount approach, the Agency would identify a standard cost for the class of regulated facilities. This method would not rely on site-specific factors but rather on historical costs associated with similar facilities to calculate an expected future amount. This approach is best applied where the costs at issue are fairly uniform, as the wider the variation, the lower the accuracy of the financial responsibility amount for that cost. If there is wide variation in the costs associated with the facilities within the class to which the fixed amount is applied, the result can be significant over-regulation at those facilities with lower levels of liabilities, and significant under-regulation of facilities with higher levels of liabilities. At the same time, this approach has advantages in that it requires a lower level of effort on the part of the regulated community and the Agency to implement because the rule does not require a site-specific calculation to be developed, submitted, or evaluated. EPA proposed the use of a fixed amount for the health assessment component of the financial responsibility amount from hardrock mining facilities.     The second method considered by EPA was a site-specific approach. Under this approach, the owner or operator would calculate the cost of conducting known activities to address identified problems. This approach is the most precise of the three approaches considered by EPA. However, it is also the most resource intensive to implement. It requires gathering detailed information about the site, including an assessment of the site conditions, and is most easily implemented where a release has occurred, a response is necessary, and a remedy determination has been made. In fact, EPA already requires financial responsibility identified on a site-by-site basis when requiring parties to carry out response actions under CERCLA.\320\ EPA notes that state regulatory ***programs*** and the ***programs*** of BLM and the Forest Service generally do use a site-specific approach based on extensive knowledge of site conditions to establish financial responsibility amounts, and this is one of the strengths of existing ***programs*** relative to the formula based approach in the proposed rule. Having identified reasons that a fixed cost and a site-specific approach may not be appropriate to identify the level of financial responsibility under section 108(b) for response costs and natural resource damages for hardrock mining facilities, EPA sought to develop an approach that was more accurate than the fixed amount, yet could be implemented without conducting a full site investigation at the facility. The Agency's efforts resulted in development of a formula for facilities within the hardrock mining industry. ---------------------------------------------------------------------------

    \320\ See Guidance on Financial Assurance in Superfund Settlement Agreements and Unilateral Administrative Orders (April 2015). ---------------------------------------------------------------------------

    The proposed formula identified categories of response action at hardrock mining facilities, based on past response actions to legacy contamination and estimated the costs of those actions based on reclamation activities under federal and state laws. Instead of taking other regulations or facility practices into account when identifying the risk to be addressed by financial responsibility requirements, the formula assumed the need for a CERCLA response, and then allowed reductions in the financial responsibility amount based on a demonstration of compliance with other regulatory requirements or other facility practices. As discussed above, EPA no longer believes that this approach would result in financial responsibility requirements ``consistent with the degree and duration of risk associated with the production, transportation, treatment, storage, or disposal of hazardous substances.'' Thus, the formula does not reflect a level of financial responsibility that EPA in its discretion believes is appropriate.     The financial responsibility formula proposed for hardrock mining was specific to that industry, and was not designed for use in future rulemakings under section 108(b). In future rulemakings under section 108(b), EPA will evaluate how to determine financial responsibility amounts for each particular rule, and will propose an appropriate methodology on which it would seek additional public comment.

C. Concerns Regarding Costs and Economic Impacts of the Proposed Rule

1. Overall Concerns Regarding Cost and Economic Impact     EPA received significant comments on the Regulatory Impact Analysis (RIA) for the proposed section 108(b) rule that

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highlight detrimental economic outcomes of concern to commenters. In addition to numerous comments critical of various methodological and data limitations in the RIA, the leading criticism focuses on the disparity between projected industry costs in comparison with the rule's predicted transfer of liability costs from the government to the hardrock mining industry.     Using a period of analysis from 2021 to 2055, and assuming a seven percent social discount rate, EPA estimated the annualized compliance costs for industry to procure third-party instruments would be approximately $111 to $171 million (the net present value (NPV) of which is $1.4 to 2.2 billion over 34 years). These values represent the proposed rule's estimated incremental costs to industry.\321\ ---------------------------------------------------------------------------

    \321\ The majority of the industry costs represented a transfer from the regulated industry to the financial industry in association with the procurement of third party instruments, and hence the quantified annualized net social costs were estimated at $30 million to $44 million. ---------------------------------------------------------------------------

    EPA then also quantified the transfer of potential CERCLA-related costs from the government to private industry that the proposed rule would yield. Based on an assumed facility default rate of 7.5 percent, the rule was expected to transfer a burden of just $15 to 15.5 million in annual liability from the federal government to the regulated industry (or $511 to $527 million over 34 years).     Based on these estimates, commenters objected that the projected annualized costs to industry ($111-$171 million) are a magnitude of order higher than the avoided costs to the government ($15-15.5 million) sought by the rule. Estimates of government cost savings in the baseline, and industry compliance costs under the rule, occur under different regulatory scenarios and are therefore not readily comparable. However, these findings do reveal that the costs borne by industry far exceed the relative scale of cost savings gained by the government as a result of the rule. In the words of one owner/operator, ``the proposed rules inflict grossly disproportionate burdens on the hardrock mining industry relative to the small benefit that it is intended to provide to the taxpayers.'' \322\ ---------------------------------------------------------------------------

    \322\ See comments from Freeport McMoran, EPA-HQ-SFUND-2015- 0781-2793 page 3. ---------------------------------------------------------------------------

    Beyond these concerns, commenters also took significant issue with the broader economic impacts that the rule could have on the hardrock mining industry and the nation. A trade association noted that the cost of compliance relative to cash flow will be devastating to many companies.\323\ According to some, the high cost of compliance will result in existing mines closing, and new mines not being built. Another commenter stated that the high costs of the rule would force more companies into bankruptcy, which they suggested is an unacceptable environmental risk without any demonstrated benefits.\324\ That commenter stated that it takes much effort and expertise over several years to administer a bankruptcy, so it is important to keep operators in business to conduct their own reclamation responsibilities.\325\ ---------------------------------------------------------------------------

    \323\ EPA-HQ-SFUND-2015-0781-2666-20/Organization: ACC, AFPM, AISI, CKRC, IMA-NA, NAM, NMA, NAMC, PCA, SSP, TFI, and the Chamber.     \324\ See comment from Scott Richey and Susan Elliott, USDA Forest Service Humboldt-Toiyabee National Forest EPA-HQ-SFUND-2015- 0781-2722 page 1.     \325\ Ibid., page 1. ---------------------------------------------------------------------------

    State mining associations also repeatedly commented on the importance of the hardrock mining sector in their individual states.\326\ States commented that they would be grievously harmed financially if facilities reduced operations, ceased ***planned*** expansions, or otherwise closed or went bankrupt. In states where mining is prevalent, those states count heavily upon the tax and permitting revenues, jobs, etc. that come from the industry. ---------------------------------------------------------------------------

    \326\ See comment from Arizona Mining Association Docket ID: EPA-HQ-SFUND-2015-0781-2744 at pages 2-3. ---------------------------------------------------------------------------

    According to AEMA the cash collateral required to obtain a section 108(b) financial responsibility instrument could be significant and also very problematic, because this cash collateral requirement reduces the capital that companies have available to conduct reclamation activities, advance environmental improvement initiatives, and pursue development opportunities. Ultimately, AEMA commented that the drain on corporate capital from the section 108(b) financial responsibility ***program*** would reduce the domestic production of minerals, cost hardrock mining jobs, and economically devastate mining dependent rural communities.\327\ ---------------------------------------------------------------------------

    \327\ See comment from American Exploration and Mining Association, Docket ID: EPA-HQ-SFUND-2015-0781-2657 page 35. ---------------------------------------------------------------------------

    In an effort to further emphasize the adverse economic impacts of the proposed rule, an analysis was independently conducted by Dr. Gordon Rausser of OnPoint Analytics, on behalf of Freeport McMoRan, and submitted for the record in this rulemaking.\328\ These industry supported analyses found that when all impacts are considered (including impacts on cash flow, production, and available resources), the proposed rule is estimated to cost the U.S hardrock mining industry ten times the amount projected in the RIA--an amount reported to be between 23 percent and 66 percent of annual industry profits. The study also estimates that U.S investment in the hardrock mining industry would drop by more than $5.6 billion, and that between 3,486 to 10,110 jobs would be lost in the U.S hardrock mining industry should the proposed rule have become final.\329\ ---------------------------------------------------------------------------

    \328\ EPA-HQ-SFUND-2015-0781-2650-4/Organization: New Mexico Mining Association.     \329\ EPA-HQ-SFUND-2015-0781-2712-135/Organization: Newmont Mining Corporation. ---------------------------------------------------------------------------

    Lastly, commenters note that while mining occurs at the local level, the mining sector is a global industry. A commenter stated that increased costs have implications at the state and local levels, but these same increased costs could place U.S mining at a competitive disadvantage. The commenter further explained that those increases could be a disincentive to investment in domestic projects and an incentive to focus on operations and production outside of the U.S \330\ The commenter continued to speculate that this could further result in a shortage of ***strategic*** metals at home. The commenter explained by way of an example that lithium is viewed as a ***strategic*** mineral currently in high demand globally as a lubricant, for use in steel and aluminum production, and in batteries and in electrolytes and electrodes.\331\ Finally, the commenter stated that lithium mining is an area of considerable expansion in the U.S , and implied that could be threated under the proposed rule.\332\ ---------------------------------------------------------------------------

    \330\ See comment from Nevada Mining Association Docket ID: EPA- HQ-SFUND-2015-0781-2684 pg 11.     \331\ Ibid.     \332\ Ibid. ---------------------------------------------------------------------------

    EPA's decision not to issue final requirements under section 108(b) for hardrock mining facilities will thus alleviate potential burden on owners and operators, and will help prevent any disruptions to markets in the U.S and abroad. EPA further seeks to avoid negatively impacting facility resources that could otherwise have greater benefits to the economy. The state of Idaho, for example, commented that the proposed requirements may divert funds from uses such as the implementation of environmental protection and enhancement ***programs***, reclamation projects, exploration and

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development of new mineral deposits, etc.\333\ ---------------------------------------------------------------------------

    \333\ See comment from State of Idaho Docket ID: EPA-HQ-SFUND- 2015-0781-2682 at page 7. ---------------------------------------------------------------------------

2. Concerns Particular to Impacts on Small Entities/Businesses     Concerns raised by commenters also point to the burden that the proposed rule could impose on small entities. In the RIA of the proposed rule, EPA assessed the economic impacts on small entities. Of the 221 mines and mineral processing facilities in the potentially regulated universe, EPA identified approximately 53 facilities that were owned by 44 small businesses. Twelve additional mines have owners of unknown size (due to lack of available company data). For these small entities, EPA compared the estimated annualized compliance costs with their annual revenues in order to assess whether these small entities could be expected to incur costs that constitute a significant impact; and whether the number of those small entities estimated to incur a significant impact represent a substantial number of small entities. Results of the analysis showed that 80 percent to 87 percent of these small entities may face an average annual compliance cost that is greater than one percent of their revenues. Similarly, 57 percent to 75 percent of these small entities may experience impacts upon revenues that exceed three percent. These impact estimates were found by EPA to surpass the significant impact thresholds as set forth by the Regulatory Flexibility Act.     In line with these findings, many of the commenters likewise suggested that a major number of small entities under the proposed rule would face significant annualized costs which would either severely hinder their ability to operate, cause them to cease operations, or be a barrier to them being able to acquire financing to begin new operations. In light of the findings from the Agency's own small entity analyses, and the comments of concern raised by the regulated community, EPA agrees that the proposed financial responsibility requirements could prove particularly burdensome for small businesses. Such impacts will be avoided in the absence of such requirements under this final decision.

D. Concerns Regarding Financial Responsibility Instrument Availability

    As discussed above, during the public comment period for the section 108(b) hardrock mining rule, commenters representing or participating in the insurance, surety, and banking industries identified several concerns with EPA's proposed instrument terms, and expressed concern that those terms could impact the availability of instruments. Similarly, entities in the mining industry expressed concerns that instruments may not be available for the amounts proposed in the forms specified. EPA agrees with these concerns.     Section 108(b) discusses particular instruments for EPA to consider in its regulations. Specifically, paragraph (b)(2) states that financial responsibility may be established by any one, or any combination, of the following: Insurance, guarantee, surety bond, letter of credit, or qualification as a self-insurer. Paragraph (b)(2) further authorizes the President to specify policy or other contractual terms, conditions, or defenses that are necessary, or that are unacceptable in establishing evidence of financial responsibility. Paragraph (b)(2) also requires EPA to cooperate with and seek the advice of the commercial insurance industry to the maximum extent practicable when developing financial responsibility requirements. Paragraph (b)(4) provides direction on how the section 108(b) instruments are to address multiple owners and operators at a single facility.     Section 108(c) also includes a ``direct action'' provision, under which CERCLA claims can be brought directly against an insurer or other entity issuing an instrument pursuant to the section 108(b) regulations. Section 108(c)(2) provides that any claim authorized by section 107 or section 111 may be asserted directly against any guarantor providing evidence of financial responsibility under section 108(b) if the person is liable under section 107 and: (1) Is in bankruptcy, reorganization, or arrangement pursuant to the Federal Bankruptcy Code, or (2) is likely to be solvent at the time of judgment but over whom jurisdiction in the federal courts cannot be reached with reasonable diligence.     The areas of most significant concern identified by commenters are: (1) The specification that the instruments need pay to multiple claimants; (2) the direct action provisions in the instruments; and (3) the continuity of coverage provisions that subject providers to potential liability. These three features of the proposed section 108(b) financial responsibility ***program*** and the comments received regarding each are discussed below. The Specification That the Instruments Need Pay to Multiple Claimants     EPA proposed that instruments would be payable to the full range of potential future CERCLA claimants, and not solely to a currently designated beneficiary specified in instruments.     Financial industry representatives commenting on the proposed rule expressed concerns that the proposed financial mechanisms would not have a single designated beneficiary. Commenters argued that instrument providers would be required to undertake more due diligence and exercise more discretion while also potentially being subject to more liability themselves absent a specified designated beneficiary. Direct Action Provision     Commenters also expressed concern that providers of instruments may be subject to direct action suit. However, the CERCLA statute itself, at section 108(c)(2), includes a direct action provision that expressly authorizes, in specified circumstances, any claim under section 107 and section 111 be made directly against the guarantor providing evidence of financial responsibility. Commenters from the surety industry claimed that the direct action provision significantly increased their risk exposure and included too broad of a trigger (bankruptcy). Banking industry representatives asserted that the provision was at odds with relevant commercial law and practice and would significantly deter banks from providing such instruments and services. The insurance industry commented that direct action creates the potential for significant increase in defense costs and administrative costs associated with the management of multiple lawsuits. Continuity of Coverage Provisions     To address the risk that the facility would no longer have financial responsibility when necessary, EPA proposed that owners and operators using a letter of credit, surety bond or insurance to demonstrate financial responsibility also establish a standby trust. In the event the instrument issuer intended to cancel the instrument and the owner or operator failed to obtain alternate financial responsibility, EPA could draw on the instrument and fund the standby trust.     Commenters from the surety and insurance industry suggested that the requirements for prescriptive cancellation provisions that include potential issuer liability would limit the interest on behalf of sureties and insurers in providing mechanisms.

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Commenters also suggested that this proposed provision in combination with the difficult-to-predict date at which a facility may be released from the proposed financial responsibility requirements created unwelcome uncertainty around the duration of the provider's obligation.     Based on the negative comments received, EPA believes there is uncertainty around the adequate availability of instruments were final regulations to be promulgated at this time. This uncertainty necessarily means it is also unclear whether regulated entities would be able to obtain the necessary instruments when faced with a regulatory obligation under section 108(b) to obtain an instrument. This information thus also indicates that issuance of section 108(b) requirements for current hardrock mining operations is not appropriate.

E. Challenges To Identify the Facility

    Many commenters on the rule raised concerns regarding the applicability of section 108(b) to historical mining areas at facilities. The question of what the relevant facility is for purposes of section 108(b) regulations arose in several contexts--developing requirements for applicability of the rule, determining a financial responsibility amount, and developing conditions for payment of funds from the instruments. This was another difficult challenge EPA encountered in developing the proposed rule.     In a typical CERCLA response action, the definition of the facility relies on a site-by-site determination based on site-specific conditions, and the facility is defined by where contamination comes to be located, as understood by EPA at a particular point in time, and is typically formally delineated in a decision document identifying the response actions to be taken. The relevant facility may include areas owned and/or operated by several parties and the facility is defined without regard to ownership. In addition, particular parties' CERCLA liability is determined through settlements and/or litigation.     For the reasons discussed in the proposed rule, for purposes of determining the proposed rule's applicability, and for determining the financial responsibility amount, EPA found it necessary to consider the relevant facility to be only the current operations of the current owner(s) and operator(s). Two effects of this approach were to not require a financial responsibility amount under the proposed rule based on conditions present at historic areas of the mine, or to require evidence of financial responsibility from parties other than the current owner(s) or operator(s).     This approach--that EPA found necessary to implement section 108(b)--has no effect on CERCLA liability for parties that may be involved at a CERCLA site, or on the definition of facility for purposes of a CERCLA response. Thus, in the context of a particular response action, the facility may be defined to include an area broader than the current operations, and CERCLA liability may attach to parties other than the current owner or operator. Thus, there is an inconsistency in these respects between what EPA believed was necessary for practical development of section 108(b) instruments, and the definition that would apply when the instruments are invoked.     This difficulty was also identified by outside parties to EPA. Instrument providers, during pre-proposal outreach, cited the inability to distinguish between and establish separate amounts for historic releases and potential future releases as a factor that may increase the cost and difficulty of obtaining instruments. Specifically, representatives of insurance companies noted that combining two distinct types of coverage (e.g , coverage for cleanup of known existing releases and coverage for liabilities that may arise from future releases) will increase premiums. Another insurance representative commented that amounts of coverage may be limited by reinsurance treaties if the two types of coverage were combined.\334\ Relatedly, a representative from a surety also noted that separating out known pre-existing issues and releases from current operations that have not yet occurred into separate mechanisms would likely enhance availability.\335\ Yet it was the impossibility of predetermining the source of any contamination that would ultimately be the subject of a CERCLA claim, or where contamination would ultimately come to be located, that was a factor in EPA's decision to propose instruments that could pay for any CERCLA section 107 or section 111 claims against a current owner or operator, irrespective of whether the claim arose as a result of current or historical operations. ---------------------------------------------------------------------------

    \334\ See Notes and Attendees for CERCLA 108(b) Insurance Meeting December 8, 2015 Docket ID: EPA-HQ-SFUND-2015-0781-0447.     \335\ See Notes and Attendees for CERCLA 108(b) Surety Meeting January 14, 2016 Docket ID: EPA-HQ-SFUND-2015-0781-0445. ---------------------------------------------------------------------------

    Commenters' concerns also highlight another source of uncertainty for instrument availability. Thus, this issue raises similar concerns as in section E. Above. Therefore, this information further supports EPA's determination that issuance of section 108(b) requirements for current hardrock mining operations is not appropriate.

VII. Statutory and Executive Order Reviews \336\ ---------------------------------------------------------------------------

    \336\ Additional information about these statutes and Executive Orders can be found at [*https://www.epa.gov/laws-regulations/laws-and-executive-orders*](https://www.epa.gov/laws-regulations/laws-and-executive-orders). ---------------------------------------------------------------------------

A. Executive Order 12866: Regulatory ***Planning*** and Review and Executive Order 13563: Improving Regulation and Regulatory Review

    This action is a significant regulatory action that was submitted to the Office of Management and Budget (OMB) for review, because it may raise novel legal or policy issues [3(f)(4)], although it is not economically significant. Any changes made in response to OMB recommendations have been documented in the docket. EPA prepared an economic analysis for the proposed rule, but that analysis is not relevant for this final rulemaking because no regulatory provisions are being finalized.

B. Executive Order 13771: Reducing Regulation and Controlling Regulatory Costs

    This action is not an Executive Order 13771 regulatory or deregulatory action, because this action does not alter any regulatory requirements.

C. Paperwork Reduction Act (PRA)

    This action does not impose an information collection burden under the PRA, because this action does not impose any regulatory requirements.

D. Regulatory Flexibility Act (RFA)

    I certify that this action will not have a significant economic impact on a substantial number of small entities under the RFA. This action will not impose any requirements on small entities.

E. Unfunded Mandates Reform Act (UMRA)

    This action does not contain any unfunded mandate as described in UMRA, 2 U.S.C 1531-1538, and does not significantly or uniquely affect small governments, because this action does not impose any regulatory requirements.

F. Executive Order 13132: Federalism

    This action does not have federalism implications. It will not have substantial direct effects on the states, on the relationship between the national

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government and the states, or on the distribution of power and responsibilities among the various levels of government.

G. Executive Order 13175: Consultation and Coordination With Indian Tribal Governments

    This action does not have tribal implications as specified in Executive Order 13175, because this action imposes no regulatory requirements. Thus, Executive Order 13175 does not apply to this action. However, EPA consulted with tribes and Alaska Native Corporations and Alaska Native Villages during the rulemaking process.     EPA received comments from three federally-recognized tribes and from three Alaska Native Claims Settlement Act (ANCSA) resource managers regarding section 108(b) financial responsibility. Tribal comments were generally in support of the proposed rule, and cited some concerns about the potential negative impacts of hardrock mining on commercial enterprises and on subsistence living, along with the need to more fully identify the benefits of the rule. A primary ANCSA concern was that the section 108(b) financial responsibility requirements would duplicate existing federal and state requirements, resulting in a negative impact on Alaska Natives and states, that receive royalties through the Regional and Village Corporations. Other ANCSA comments related primarily to the calculation of the financial responsibility amount, and requested that EPA consult with them early in the regulatory development process. EPA acknowledged the challenges in determining a financial responsibility amount, and provided the opportunity for federally-recognized tribes and ANCSA resource managers to consult with the Agency during the public comment period.

H. Executive Order 13045: Protection of Children From Environmental Health and Safety Risks

    This action is not subject to Executive Order 13045 because it is not economically significant as defined in Executive Order 12866, and because EPA does not believe the environmental health or safety risks addressed by this action present a disproportionate risk to children, since this action imposes no regulatory requirements.

I. Executive Order 13211: Actions That Significantly Affect Energy Supply, Distribution, or Use

    This action is not a ``significant energy action'' because it is not likely to have a significant adverse effect on the supply, distribution or use of energy.

J. National Technology Transfer and Advancement Act

    This rulemaking does not involve technical standards.

K. Executive Order 12898: Federal Actions To Address Environmental Justice in Minority Populations and Low-Income Populations

    EPA believes that this action is not subject to Executive Order 12898 (59 FR 7629, February 16, 1994) because it does not establish an environmental health or safety standard, since this action imposes no regulatory requirements.

L. Congressional Review Act (CRA)

    This action is subject to the CRA, and EPA will submit a rule report to each House of the Congress and to the Comptroller General of the United States. This action is not a ``major rule'' as defined by 5 U.S.C 804(2).

List of Subjects in 40 CFR Part 320

    Environmental protection, Financial responsibility, Hardrock mining, Hazardous substances.

    Dated: December 1, 2017. E. Scott Pruitt, Administrator. [FR Doc. 2017-26514 Filed 2-20-18; 8:45 am] BILLING CODE 6560-50-P

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**End of Document**



[***-Roxgold Reports 2017 Fourth Quarter and Full Year Financial Results - Strong Cash Flow Driven by Robust Operating Performance in First Full Year of Operation***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S18-CF71-JD3Y-Y19D-00000-00&context=1516831)

ENP Newswire

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**Length:** 4681 words

**Body**

Toronto, Ontario - Roxgold Inc. ('Roxgold' or the 'Company') (TSX: ROXG) (OTC: ROGFF) today reported its fourth quarter and full year financial results for the period ended December 31, 2017.

For complete details of the audited Condensed Consolidated Financial Statements and associated Management's Discussion and Analysis please refer to the Company's filings on SEDAR ([*www.sedar.com*](http://www.sedar.com)) or the Company's website (   [*www.roxgold.com*](http://www.roxgold.com)). All amounts are in U.S. dollars unless otherwise indicated.

HIGHLIGHTS

For the twelve-month period ended December 31, 2017, the Company: Achieved over 4,000,000 hours free of lost time injuries ('LTI') since the mine commenced operations; ***Produced*** 126,990 ounces of gold, exceeding the upper limit of the increased guidance range 115,000 to 125,000 ounces, compared to 75,078 ounces for the seven-month period in 2016; Sold 126,555 ounces of gold totalling revenues of $ 159.4 million in fiscal year 2017 compared to $ 41.4 million during the three-month period of commercial production in 2016 ($ 98.0 million during the seven-month period of 2016); Incurred a cash operating cost1 of $ 438 per ounce ***produced*** for a total cash cost1 of $ 491 per ounce sold and an all-in sustaining cost1 of $ 740 per ounce sold, including additional investment to advance underground development ahead of the initial mine ***plan*** compared to $ 705 for the seven months ended December 31, 2016; Generated cash flow from mining operations1 totalling $ 83.9 million for cash flow from mining operations per share1 of $ 0.23 (C$ 0.28/share); Became net cash positive2 with a cash balance of $ 63 million and a long-term debt face value3 balance of $ 47 million; Connected to the Burkina Faso high voltage grid which provides 95% of the power utilized at the Yaramoko mine site; Funded thirty projects originating from the local communities; Successfully passed Lenders' Completion test and amended its $ 75M Initial Facility to a $ 60M Amended Facility; Graduated to the Toronto Stock Exchange on March 30, 2017; Completed a positive Feasibility Study for the Bagassi South Project that showed an after-tax IRR of 53.2% with 1.8 year payback on initial capital and Commenced construction work at site to facilitate the Bagassi South expansion project; For the three-month period ended December 31, 2017, the Company: Achieved record tonnes mined of 108,094 tonnes leading to a record quarterly mill throughput of 70,815 tonnes; ***Produced*** 35,016 ounces of gold and sold 34,876 ounces for gold sales totalling $ 45.5 million; Incurred a cash operating cost1 of $ 417 per ounce ***produced*** for a total cash cost1 of $ 488 per ounce sold and an all-in sustaining cost1 of $ 609 per ounce sold; Generated cash flow from mining operations1 totalling $ 22,035,000 for cash flow from mining operations per share1 of $ 0.06 (C$ 0.07/share) and Received permitting approval in January 2018 to develop the Bagassi South Project.

'In 2017, the Yaramoko gold mine outperformed on several fronts providing strong cash flow as a result of robust operating performance where production exceeded our increased guidance and costs came in below and at the low end of guidance. Our continued operational success has allowed us to build a strong balance sheet providing the flexibility to achieve our accretive growth objectives, while continuing to build net cash,' stated John Dorward, President and Chief Executive Officer. 'In looking ahead, 2018 is expected to be another exciting year for Roxgold as we shift our focus to expanding our proven operations at the 55 Zone by completing construction of our second high-grade mine, Bagassi South, while executing on our extensive regional exploration ***program***.'

2017 GOALS AND ACHIEVEMENTS

In 2017, the Company's main operational focus was to achieve annual gold production at its Yaramoko gold mine between the range of 115,000 and 125,000 ounces (increased from 105,000 to 115,000 ounces in Q3 2017) while being a low-cost ***producer*** maintaining a cash operating cost1 at $ 445-$ 490 and an all-in sustaining cost1 at $ 740-$ 790. The Company also wanted to pursue its organic growth, with the completion of a Feasibility study for its Bagassi South Project.

During the full calendar year for 2017 there were no lost time injuries ('LTI'). There were 2.1 million LTI free hours worked during 2017, with a total of 4 million LTI free hours worked since the start of the operations to December 31, 2017.

Roxgold exceeded the upper limit of the increased guidance range with gold production of 126,990 ounces in 2017. Cash operating cost1 of $ 438 was below guidance and all-in sustaining cost1 of $ 740 was at the low end of guidance.

The Company continued its organic growth with the completion of a positive feasibility study for the Bagassi South Project located less than two kilometers from the Company's Yaramoko processing facility. The Feasibility Study envisions a satellite underground operation at Bagassi South and an expanded processing facility at Yaramoko. The Bagassi South project has an after-tax IRR of 53.2% with a 1.8-year payback on initial capital, average total cash cost of $ 426 per ounce (including royalties) and an average all-in sustaining cost of $ 630 per ounce. The pre-production capital is estimated at $ 30 million and is anticipated to be funded entirely from the Company's balance sheet without recourse to external financing.

2018 outlook

Gold production between 110,000 and 120,000 ounces; Cash operating cost1 between $ 450 and $ 500/ounce; All-in sustaining costs1 between $ 780 and $ 830/ounce; Underground capital expenditure between $ 22 million and $ 26 million

Bagassi South pre-production capital expenditure of $ 30 million

Exploration budget of $ 9 million

Due to sequencing of activities within the underground mine, gold production is expected to be slightly higher in the second and third quarters relative to the respective comparative period of prior year. In 2018, the Company also expects to see a greater proportion of the mill feed met by stoping activities as opposed to ore development. Grades from the mine are expected to be in line with those seen in 2017 with an average of 13.7 grams per tonne of gold ('g/t Au') expected across the year.

In the third and fourth quarters of 2018, the processing plant tie-ins for the Bagassi South expansion are expected to occur, slightly affecting mill operating time in those periods; however, it is ***planned*** that these exercises will largely occur within ***planned*** maintenance stoppages.

With current cash on hand totalling approximately $ 63 million as of December 31, 2017, combined with the terms of the Amended Facility, the Company has the flexibility to pursue its organic and ***strategic*** growth objectives.

MINE OPERATING ACTIVITIES

The Company declared commercial production on October 1, 2016. As a result, there is no comparable twelve-month period of mining operations nor mining operating profit for 2016. The Company considers that pre-commercial production operations at the Yaramoko Gold Project commenced in June 2016 as the construction of the processing plant was completed. As such, the seven-month period ended December 31, 2016 includes three months of commercial production and four months of pre-commercial production. The Company believes that these seven months are the best comparison for the twelve months of operation ended December 31, 2017.

Health and safety performance

Health and Safety is a fundamental value for Roxgold and is a constant priority at the Yaramoko gold mine. The Company believes that every individual working for the Company or visiting Roxgold's premises should be able to return safely and without injury to their home after a day spent at our operations. The team at the Yaramoko gold mine exhibit their commitment to safety daily through their activities with toolbox meetings, departmental reviews and frequent task safety analyses.

With the project being put into production in 2016, the Company's Operational Health and Safety Management systems have been effectively implemented and are now operating smoothly with a continuous improvement and review ***program*** in place. As the Company considers that that everyone, regardless of position, has the ability to involve, influence, motivate and enable others to contribute to Roxgold Health and Safety culture by encouraging personal and collective leadership, accountability and responsibility, each employee has a personal performance objective related to safety embedded within their annual appraisal process. An award and recognition ***program*** has also been implemented at site.

With steady state operations being established in 2017, the focus has evolved from establishing a strong reporting culture that encourages proactive identification of risk and therefore swift rectification of hazards and sub-par operating practices in 2016 to now implementing Health and Safety training ***programs*** for all employees in 2017 with more than 18,000 hours of training provided.

These values and actions resulted in a solid safety performance observed in 2017. During the year ended December 31, 2017, the Company did not observe any Lost Time Injury ('LTI') and to date achieved a significant milestone of more than 4,300,000 hours LTI free since the mine commenced operations.

Operational performance

During the year ended December 31, 2017, 319,855 tonnes of ore were extracted from the underground mine. Mine development in 2017 totalled 6,819 metres compared to 6,739 in 2016.

As at December 31, 2017, 14 sublevels had been developed throughout the extents of the resource. The Company took advantage of higher than ***planned*** productivity rates from the underground mining contractor to advance mine development ahead of budgeted requirements. As a result, the Company is significantly ahead of the initial mine ***plan*** and is, as such, benefiting from additional flexibility.

In 2017, approximately 52% of the mill feed was sourced from stoping activities as opposed to 29% during the seven-month of operation in 2016. In September 2017, a second production rig arrived onsite which supported an increase in stoping capacity over the final months of the year. At the end of the year, nine stoping panels were developed for extraction.

Stoping activities during the course of 2017 were focused between the 5270 and 5168 levels while development took place between the 5151 and 5049 levels. Reconciliation of mined material against the Company's resource model performed well on a tonnage basis but underperformed on a grade basis by approximately 11%. While the stoping areas between the 5270 and 5168 levels generally performed well, the areas that were developed between 5151 and 5049 demonstrated variability against expectations. Grade variability is expected at the 55 Zone, as in 2016, the resource model under predicted actual gold mined by 2% and early indications for 2018 are that grade reconciliation has improved.

To better understand the distribution of grade between the 5151 and 5049 levels, the Company is ***planning*** an 11,000 meter drilling ***program*** from surface and underground to better test the eastern and western extents of the 55 Zone in this particular area.

The processing facility ran at an average operating time of 96% with excellent metallurgical performance representing an improvement from 93.3% achieved during the seven-month period ended December 31, 2016. Accordingly, in 2017, 266,599 tonnes of ore were processed for an average throughput of 730 tonnes per day including a record throughput of 70,815 tonnes in the fourth quarter. Average head grade for 2017 was 15.3 grams per tonne. The 2017 average recovery was 98.9% in line with the recovery achieved in 2016 while the gravity circuit contribution to the overall recovery increased to between 65% and 70% during 2017 from 58% in 2016.

Based on the foregoing, 126,990 ounces of gold were poured during the year ended December 31, 2017 compared to 75,078 ounces of gold for the seven-month period ended December 31, 2016.

Financial performance

During the year ended December 31, 2017, a total of 126,555 ounces of gold were sold resulting in revenues from gold sales totalling $ 159 million at an average realized gold price of $ 1,260 per ounce sold compared to an average market gold price of $ 1,257 per ounce.

During the four-month pre-commercial production period ended September 30, 2016, a total of 42,844 ounces of gold were sold resulting in pre-commercial production revenues of $ 57 million (at an average realized gold price of $ 1,322 per ounce sold). This amount was recorded to Mineral properties under development within property, plant and equipment ('PP&E'). From the declaration of commercial production on October 1, 2016 to December 31, 2016, 34,271 ounces of gold were sold at an average realized gold price of $ 1,208 per ounce for gold sales revenue totalling $ 41 million. Accordingly, the Yaramoko gold mine generated $ 98 million of pre-commercial and operational revenue during the seven months in which it was it was in operation during the twelve-month period ended December 31, 2016.

Mine operating expenses represent mining, processing, and mine site-related general and administrative expenses. The cash operating cost1 totalled $ 438 per ounce for 2017 below the lower-end of the 2017 guidance range of $ 445 to $ 490 per ounce ***produced***. The variation with the 2016 comparable period is a result of lower head grade combined with a higher cash operating cost1 per tonne processed. The difference between the cash operating cost1 per tonne processed of $ 208 in 2017 and the cash operating cost1 per tonne processed of $ 196 for the comparative period of 2016 is mainly due to costs associated with standard preventive maintenance which occurred in 2017 as the mill facility had been in operation for more than twelve months along with reagents costs that were included in the first fill pre-production costs in 2016.

In 2016, the Company made the ***strategic*** decision to continue to invest in the underground mine development during 2017, to ensure mine operational flexibility and resilience as well as to benefit from the opportunity provided by the high availabilities of the mill. As such, Roxgold invested $ 25,515,000 in underground mine development including $ 10,039,000 spent eighteen months ahead of the current mine ***plan*** schedule, representing a sustaining capital cost1 of $ 202 per ounce sold. As a result, the Company achieved a site all-in sustaining cost1 of $ 692 per ounce sold and an all-in sustaining cost1 of $ 740 per ounce sold representing the low end of the 2017 guidance compared to all-in sustaining cost1 of $ 705 per ounce sold for the comparable period in 2016. The variation year over year is essentially due to a higher cash operating cost resulting from lower head grade and a slightly higher cash operating cost1 per tonne as previously explained.

Based on the financial performance discussed above, the Company achieved cash flow from mining operations1 of $ 83,944,000 for the year ended December 31, 2017, for cash flow from mining operations per share of $ 0.23 (C$ 0.28/share), which allowed the Company to become net cash positive2 during the fourth quarter of 2017. Comparatively, the Company generated cash flow from mining operations of $ 59,106,000 during the seven-month period ended December 31, 2016. The variation between both periods is due to the timing of the start of the operations in 2016.

CORPORATE AND SOCIAL RESPONSIBILITY ACTIVITIES ('CSR')

2017 highlights

Roxgold has established a collaborative and participative approach with the community investment ***program*** in the communities surrounding the Yaramoko gold mine. In 2017, the key areas of activity have included community investment, community health and safety, cultural heritage and road infrastructure development, along with socio-economic development to enhance local procurement and employment opportunities.

The Company's main ***program***, the community investment ***program***, aims to improve the education, health, water and sanitation and economic development of the host communities with the financial support of projects that originate from the local communities themselves. This year, 30 projects were funded with a focus on youth and women's development, which include the following: Support for the opening of a municipal occupational training center; Solar electrification or boreholes in four schools; School construction; Capacity building of women's association (e.g. ***agricultural*** business); Development of Bagassi electrification system.

Along with the Environmental and Social permitting process undertaken in 2017 for the mine extension project at Bagassi South, Roxgold has strengthened the relations and trust between the Company and the community with the identification of additional future shared benefit opportunities in community investment projects, local employment and local procurement.

In collaboration with the Canadian project West Africa Governance & Economic Sustainability in Extractive Areas (WAGES) managed by the CECI and WUSC organizations the Company has worked in partnership with communities, local government, mining companies, and other stakeholders, to enable communities, particularly women and youth, to maximize the socio-economic benefits from extractive resource investment in West Africa. In 2017, the group has been successful in opening the municipal occupational training center and local suppliers' capacity building events.

2018 CSR ***program***

Based on the success of previous years, the 2018 CSR activities will keep the same approach of grassroots-based initiatives, collaboration, transparency and partnership to maximize the benefit, sustainable growth and creation of local community opportunities from the Company's operation and extension project, especially through human capital and economic development. Furthermore, the six main ***programs*** as described above will be further strengthened. In addition, the extensive stakeholder engagement ***programs*** currently in place contribute to the viability of Roxgold's projects and secure future growth.

REVIEW OF ANNUAL 2017 FINANCIAL RESULTS

Mine operating profit

During the year ended December 31, 2017, revenues totalled $ 159,414,000 while mining operating expenses and royalties totalled $ 55,681,000 and $ 6,443,000, respectively. The Company achieved total cash cost1 per ounce sold of $ 491 for the year ended 2017 period representing a mining operating margin1 of $ 769 per ounce sold.

The Company declared commercial production on October 1, 2016 and consequently there is no comparable mine operating profit for the full twelve-month period ended December 31, 2016. Pre-commercial production revenue totalling $ 56,625,000 associated with gold ounces sold during the period June 1 to September 30, 2016 has been offset against mine operating costs, totalling $ 14,728,000, and other capitalized costs, including previously capitalized development costs, on the statement of financial position. Accordingly, mine operating profit totalling $ 21,493,000 for 2016 presented in the Financial Statements relates solely to the 34,271 ounces of gold sold during the fourth quarter of 2016, representing a mining operating margin1 $ 746 per ounce sold, and a total cash cost1 per ounce sold of $ 461.

General and administrative expenses

General and administrative expenses totalled $ 4,627,000 for the year ended December 31, 2017 period compared $ 3,395,000 for the corresponding period in the prior year. Higher corporate development costs and non-recurring professional fees associated with graduating as a listed issuer on the Toronto Stock Exchange, affected the corporate expense in 2017. Additional corporate personnel were also hired to position the Company for future growth.

Sustainability and other in-country costs

Sustainability and in-country costs totalled $ 1,612,000 for the year ended December 31, 2017, respectively compared to $ 398,000 for the twelve-month comparative period. These expenditures are incurred to maintain Roxgold's social licence to operate in Burkina Faso, and include investments made in sustainability and community projects related to current operations. Costs totaling $ 460,000 incurred during the pre-commercial period in 2016 were capitalized in PP&E.

Exploration and evaluation expenses ('E&E'): Exploration and evaluation expenses totaled $ 12,757,000 compared to $ 6,039,000 for the year ended December 31, 2017 and December 31, 2016, respectively.

Drilling costs incurred during the period totalled $ 5,760,000 and $ 3,658,000 for the year ended December 31, 2017 and 2016 period, respectively. The 2017 drilling ***program*** for the Bagassi South area included a total of 214 drill holes for a total of 23,535 meters of drilling while the 2016 drilling costs reflected a ***program*** which included 4,225 metres of diamond drilling.

The cost incurred for the economic and feasibility studies for the year ended December 31, 2017 period include expenses associated with the updated mineral resource estimate, the preparation of the Bagassi South project Feasibility Study and the filing requirements to get the permitting approval for Bagassi South project.

Share-based payment

Share-based payment totalled $ 2,522,000 compared to $ 2,135,000 in the year ended December 31, 2017 and 2016 period, respectively. Stock option costs reflect the decrease in stock options granted combined with a modification of the vesting conditions which since January 2017 are vesting over thirty-six months as opposed to twenty-four months.

Performance share units ('PSU') and Deferred share unit costs reflect expenses associated with the units granted to senior management and directors, respectively in 2017. The variation with the prior year is due to the implementation of the PSU ***plan*** early in 2017 and a change in directorship in 2016.

Financial expenses

Net financial expense totalled $ 14,214,000 for the year ended December 31, 2017, compared to $ 10,601,000 for the comparable period in 2016. The $ 3,613,000 variation period over period is mainly attributable to the change in the fair value of the Company's gold forward sales contracts and increased interest expense in relation to the Company's Amended facility as these were capitalized in 2016 until the declaration of Commercial Production on October 1, 2016.

Deferred income tax expense

The deferred income tax expense mainly reflects future income tax impact associated with temporary differences between the accounting and the tax basis of the Company's assets offset by future benefits related to non-capital loss carry forwards.

Net income (loss)

The Company's net income for the year ended December 31, 2017 was $ 23,423,000 compared to a net loss of $ 1,071,000 in the comparable period of the year prior. The variation is a result of the Company's operations as the Company was in the development stage until it declared commercial production on October 1, 2016.

Consequently, the Company's income per share was $ 0.05 per share in 2017 to a loss of $ 0.01 per share for the comparative, 2016 period.

Income Attributable to Non-Controlling Interest)

For the year ended December 31, 2017, the income attributable to the non-controlling ('NCI') interest was $ 4,400,000. The Government of Burkina Faso holds a 10% carried interest in Roxgold SANU SA and as such is considered Roxgold's NCI. The NCI attributable income is based on IFRS accounting principles and does not reflect dividend payable to the minority shareholder of the operating legal entity in Burkina Faso.

About Roxgold

Roxgold is a gold mining company with its key asset, the high grade Yaramoko Gold Mine, located in the Hounde greenstone region of Burkina Faso, West Africa. Roxgold trades on the TSX under the symbol ROXG and as ROGFF on OTC.

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This press release contains 'forward-looking information' within the meaning of applicable Canadian securities laws ('forward-looking statements'). Such forward-looking statements include, without limitation: statements with respect to Mineral Reserves and Mineral Resource estimates (including proposals for the potential growth and/or upgrade thereof), anticipated receipt and maintenance of permits and licenses, future production and life of mine estimates, production and cost guidance, anticipated recovery grades, the anticipated increased proportion of mill feed coming from stoping ore, future capital and operating costs and expansion and development ***plans*** including with respect to the 55 Zone and Bagassi South, and the expected timing thereof, proposed exploration ***plans*** and the timing and costs thereof, the anticipated operations, costs, proposed funding, timing and other factors set forth in the Feasibility Study, proposed 2018 CSR activities, and sufficiency of future funding. These statements are based on information currently available to the Company and the Company provides no assurance that actual results will meet management's expectations. In certain cases, forward-looking information may be identified by such terms as 'anticipates', 'believes', 'could', 'estimates', 'expects', 'may', 'shall', 'will', or 'would'. Forward-looking information contained in this news release is based on certain factors and assumptions regarding, among other things, the estimation of Mineral Resources and Mineral Reserves, the realization of resource estimates and reserve estimates, gold metal prices, the timing and amount of future exploration and development expenditures, the estimation of initial and sustaining capital requirements, the estimation of labour and operating costs, the availability of necessary financing and materials to continue to explore and develop the Yaramoko Gold Project in the short and long-term, the progress of exploration and development activities as currently proposed and anticipated, the receipt of necessary regulatory approvals and permits, and assumptions with respect to currency fluctuations, environmental risks, title disputes or claims, and other similar matters, as well as assumptions set forth in the Company's technical report dated December 20, 2017, and entitled 'Technical Report for the Yaramoko Gold Mine, Burkina Faso' available on the Company's website at [*www.roxgold.com*](http://www.roxgold.com) and SEDAR at   [*www.sedar.com*](http://www.sedar.com). While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include: changes in market conditions, unsuccessful exploration results, possibility of project cost overruns or unanticipated costs and expenses, changes in the costs and timing of the development of new deposits, inaccurate reserve and resource estimates, changes in the price of gold, unanticipated changes in key management personnel, failure to obtain permits as anticipated or at all, failure of exploration and/or development activities to progress as currently anticipated or at all, and general economic conditions. Mining exploration and development is an inherently risky business. Accordingly, actual events may differ materially from those projected in the forward-looking statements. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. The Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws.

[Editorial queries for this story should be sent to [*newswire@enpublishing.co.uk*](mailto:newswire@enpublishing.co.uk) ]

**Load-Date:** April 3, 2018

**End of Document**



[***Prairie Mining Limited Half Year Accounts***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RV2-H9Y1-JCXB-21TT-00000-00&context=1516831)

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Prairie Mining Limited

09 March 2018

PRAIRIE MINING LIMITED

Interim Financial Report for the Half-Year Ended

31 December 2017

ródroczny raport finansowy za drugie pó rocze zako?czone

31 grudnia 2017

ABN 23 008 677 852

CORPORATE DIRECTORY | ZBIÓR DANYCH KORPORACYJNYCH

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Mr Benjamin Stoikovich Ernst & Young Audyt Polska

Director and CEO sp. z. o.o.

Ms Carmel Daniele Non-Executive Australia:

Director Ernst & Young - Perth

Mr Thomas Todd Non-Executive

Director BANKERS:

Mr Mark Pearce Non-Executive Poland:

Director Bank Zachodni WBK S.A.

Mr Todd Hannigan Alternate - Santander Group

Director Australia:

Australia and New Zealand

Banking Group Ltd

Mr Dylan Browne Company

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Poland: GPW Code: PDZ

DLA Piper Wiater sp.k. United Kingdom:

United Kingdom: London Stock Exchange (Main

DLA Piper UK LLP Board) - LSE Code: PDZ

Australia: Australia:

DLA Piper Australia Australian Securities

Exchange - ASX Code: PDZ

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Directors' Declaration

Consolidated Statement of Profit or Loss

and other Comprehensive Income

Consolidated Statement of Financial Position

Consolidated Statement of Changes in Equity

Consolidated Statement of Cash Flows

The following sections are available in

the full version of the Interim Financial

Report on our website at [*www.pdz.com.au*](http://www.pdz.com.au)

Notes to the Consolidated Financial Statements

Auditor's Independence Declaration

Independent Auditor's Review Report

The Directors of Prairie Mining Limited present their report on the Consolidated Entity consisting of Prairie Mining Limited ("Company" or "Prairie") and the entities it controlled during the half-year ended 31 December 2017 ("Consolidated Entity" or "Group").

DIRECTORS

The names and details of the Company's Directors in office at any time during the half-year and until the date of this report are:

Directors:

Mr Ian Middlemas Chairman

Mr Benjamin Stoikovich Director and CEO

Ms Carmel Daniele Non-Executive Director

Mr Thomas Todd Non-Executive Director

Mr Mark Pearce Non-Executive Director

Mr Todd Hannigan Alternate Director

Unless otherwise shown, all Directors were in office from the beginning of the half-year until the date of this report.

OPERATING AND FINANCIAL REVIEW

Operations

Highlights during, and subsequent to, the end of the half-year include:

Debiensko Mine (Premium Hard Coking Coal)

-- The newly appointed Prime Minister, Mateusz Morawiecki, officially presented the Ministry of Development's "***Program*** for Silesia" which included a strategy for the re-start of a major coking coal mine in the Upper Silesian region, where the Debiensko Mine ("Debiensko") is located, and highlighted the positive social and economic impacts that mine development would have on the region.

-- Mine site redevelopment ***planning*** continued at the Debiensko to advance with completion of initial demolition works, pre-qualification of study contractors, and preparation for an infill drill ***program*** to increase JORC Measured and Indicated Resources.

-- Prairie continued discussions with regional steel makers and coke ***producers*** for future coking coal sales and offtake.

-- Hard coking coal prices continued to trade at price levels above US$225/t FOB Australia.

-- Market analysts forecast underinvestment in new coking coal mine development has potential to result in sustained high coking coal prices.

-- European Commission continues to designate coking coal as a Critical Raw Material in its 2017 review.

Jan Karski Mine (Semi-Soft Coking Coal)

-- Prairie's use of modern exploration techniques continues to transform the Jan Karski Mine ("Jan Karski") with latest drilling results re-affirming the capability of the project to ***produce*** high value ultra-low ash semi-soft coking coal.

-- Environmental permitting for Jan Karski advanced following successful submission of the Environmental and Social Impact Assessment ("ESIA") to the Lublin Regional Environment Directorate for Environmental Consent.

-- Spatial development ***plan*** approved at Jan Karski meaning the rezoning of 56 hectares of ***agricultural*** land for industrial use is complete allowing for construction of a mine site, shafts and associated surface infrastructure.

-- Preparation of the Mining Concession application is underway and anticipated to be lodged in the coming weeks, subject to the Company being issued with Environmental Consent.

-- China Coal's technical studies for the construction of Jan Karski have significantly advanced and Prairie is currently reviewing study documents provided by China Coal. The studies will be revised to incorporate the latest coal quality results from drilling at Jan Karski as well as any conditions stipulated in the Environmental Consent and the Mining Concession to be granted for Jan Karski.

Corporate

-- In July 2017, Prairie and CD Capital completed an additional investment of US$2.0 million ($2.6 million) in the form of a non-redeemable, non-interest-bearing convertible loan note ("Loan Note 2").

-- Cash on hand of $15.1 million and CD Capital's right to invest a further $68 million as a cornerstone investor, plus with the ***Strategic*** Co-operation Agreement between Prairie and China Coal for financing and construction of Jan Karski, Prairie is well positioned to progress with its ***planned*** development activities at Debiensko and Jan Karski.

Debiensko Mine

Debiensko is a hard coking coal project located in the Upper Silesian Coal Basin in the south west of the Republic of Poland. It is approximately 40 km from the city of Katowice and 40 km from the Czech Republic.

Debiensko is bordered by the Knurow-Szczyglowice Mine in the north west and the Budryk Mine in the north east, both owned and operated by Jastrz bska Spó ka W glowa SA ("JSW"), Europe's leading ***producer*** of hard coking coal.

The Debiensko mine was originally opened in 1898 and was operated by various Polish mining companies until 2000 when mining operations were terminated due to a major government led restructuring of the coal sector caused by a downturn in global coal prices. In early 2006 New World Resources Plc ("NWR") acquired Debiensko and commenced ***planning*** for Debiensko to comply with Polish mining standards, with the aim of accessing and mining hard coking coal seams. In 2008, the Minister of Environment of Poland ("MoE") granted a 50-year mine license for Debiensko.

Premium Quality Hard Coking Coal

Preliminary analysis indicates that a range of premium hard coking coals that will be in high demand from European steelmakers can be ***produced*** from Debiensko. This analysis is based on historical data, neighbouring operational coking coal mines and the results of a suite of modern coking tests performed on selected seams from a fully cored borehole drilled by the previous owners in 2015/16. Two premium hard coking coal specifications have been delineated from select seams at Debiensko, namely Medium volatile matter hard coking coal ("Mid-vol HCC") and Low volatile matter hard coking coal ("Low-vol HCC"). Future study phases will determine the precise Debiensko premium hard coking coal quality specification on a year by year basis depending on the final adopted mine ***plan***, mining schedule and extent of coal blending.

Both Debiensko's Mid-vol and Low-vol HCC lie within the range of premium hard coking coals ***produced*** globally. Indications are that the Mid-vol HCC at Debiensko is present between 850 m to 1,000 m from surface and the Low-vol HCC is present 1,000 m to 1,300 m below surface i.e. at depths similar to adjacent operating mines owned by JSW - the largest coking coal ***producer*** in Europe

Re-start of a Coking Coal mine included in "***Program*** for Silesia" and new political appointments in Poland

**Load-Date:** March 9, 2018

**End of Document**



[***Register of Commission documents:Annex 3 to Commission Implementing Decision amending Decisions adopting the Turkish Cypriot community programmes for the years 2014, 2015 and 2016 Document date: 2017-06-27 COM-AC\_DR(2017)D051891-01(ANN02) Comitology - Right of scrutiny***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P8C-YRC1-JDG9-Y49C-00000-00&context=1516831)

Impact News Service

August 16, 2017 Wednesday

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**Body**

Brussels: Public Register European Parliament has issued the following document:

1 EN ANNEX III The annex to Commission Implementing Decision C(2016) 6688 of 21 October 2016 is replaced in its entirety as follows: Legal basis: Council Regulation (EC) No 389/2006 of 27 February 2006 establishing an instrument of financial support for encouraging the economic development of the Turkish Cypriot community and amending Council Regulation (EC) No 2667/2000 on the European Agency for Reconstruction. Work ***Programme*** for 2016: Beneficiary Turkish Cypriot community CRIS/ABAC Commitment references Total cost Union Contribution Budget line TCC/2016/039-503, SCR.DEC.039503.01 EUR 33,408,392 EUR 33,408,392 13 07 01 Management Modes/ Entrusted Entities Direct management by the European Commission Indirect management by entrusted entities: United Nations Development ***Programme*** European Bank for Reconstruction and Development Final date for concluding procurement and grant contracts 3 years following the date of validation of the budgetary commitment Final date for contract implementation 6 years following the date of validation of the budgetary commitment, with the following exception: 7 years following the date of validation of the budgetary commitment for contracts for Famagusta networks works and supervision, where the works concerning infrastructures justify a longer implementation period. Final date for ***programme*** implementation (date by which this ***programme*** should be de-committed and closed) 10 years following the date of validation of the budgetary commitment.

***Programming*** and Implementing Unit SRSS.05 Cyprus Settlement Support Ref. Ares(2017)3134247 - 22/06/2017 2 1.1 Introduction This 2016 Annual ***Programme*** concerns the continuing implementation of the Aid ***Programme*** for the Turkish Cypriot community on the legal basis of Council Regulation (EC) No 389/2006, the 'Aid Regulation', which establishes an instrument of financial support for encouraging the economic development of the Turkish Cypriot community (TCc). Between 2006 and the end of 2015, over EUR 400 million was ***programmed*** for operations under this Regulation. On the basis of the objectives, as laid down in Article 2 of the 'Aid Regulation', this work ***programme*** contains the actions to be financed and the budget breakdown for the year 2016 as follows:  for grants implemented under direct management (1.2): EUR 6,800,000  for procurement implemented under direct management (1.3): EUR 23,208,392  for actions implemented under indirect management modes (1.4): EUR 3,400,000 The overall objective of the Aid ***Programme*** is to facilitate the reunification of Cyprus by encouraging the economic development of the TCc, with particular emphasis on the economic integration of the island, improving contacts between the two communities and with the EU, and preparation for the lifting of the suspension of the acquis following a settlement of the Cyprus problem. The objectives, as laid down in Article 2, are: 1. The development and restructuring of infrastructure, in particular in the areas of energy and transport, the environment, telecommunications and water supply; 2. The promotion of social and economic development including restructuring, in particular concerning rural development, human resources development and regional development; 3. Reconciliation, confidence-building measures, and support to civil society; 4. Bringing the Turkish Cypriot community closer to the European Union through inter alia information on the EU political and legal order, promotion of people to people contacts and Community scholarships; 5. The preparation of legal texts aligned with the acquis communautaire for the purpose of these being immediately applicable upon the entry into force of a comprehensive settlement of the Cyprus problem; and 6. Preparations for the implementation of acquis communautaire in view of the withdrawal of its suspension in accordance with Article 1 of Protocol No 10 to the Act of Accession. The political process under the auspices of the UN for the settlement of the Cyprus problem was effectively re-launched during the summer of 2015. The Commission has stepped up its efforts in support of this process and in preparation for a settlement – both through supporting the UN-led bi-communal settlement process and by supporting the Turkish Cypriot community through the Aid ***Programme***. The Aid ***Programme*** is intended only as an instrument of exceptional and transitional nature and the Commission continues to hope for a breakthrough that will lead to a comprehensive settlement. In this event, assistance of a different form will be required. 3 Council Regulation No 1311/2013, laying down the Multi-Annual Framework 2014-20, allows for its own revision1 and Article 11 of Council Regulation (EC) No 389/20062 allows for any necessary adaptations in this context. The Commission has been pursuing the six objectives of the Aid Regulation since 2006, but as a comprehensive settlement may potentially be within reach, it is clear that reunification will have a more immediate and far-reaching impact on some sections of the Turkish Cypriot community than on others. The exact needs generated by settlement remain unknown as they depend on the division of competences between the presumed federal and constituent state levels in a future United Cyprus. It is therefore not possible, at this point in time, to fully anticipate such needs in the ***planning*** of the Aid ***Programme***. Some changes may be foreseen within the remit of the current ***programming*** – notably through a dedicated support facility - but it is likely that most needs would have to be addressed through future amendments or ***interventions*** in the event of a settlement. The ***programme*** choices for 2016 take into account input received from Turkish Cypriot stakeholders and from relevant evaluations and needs' assessments conducted prior to the ***programming*** exercise. The views of the authorities of the Republic of Cyprus were also taken into consideration. Apart from the EU-financed Aid ***Programme*** under Council Regulation 389/2006, support from other international donors such as USAID and the United Kingdom is being wound down. Objective 1: development and restructuring of infrastructure The wide ranging mandate of the Aid Regulation has necessitated long-term engagement in some fields and long lead times for some projects, for example wastewater treatment or landfill construction, and there will be a continuing need for such investment for many years to come. Development and restructuring of infrastructure has been well supported under the Aid Regulation with around 38% of total Aid ***Programme*** resources allocated to this area from 2006 up to the end of 2015. Currently, a number of infrastructure projects are in the process of being implemented on the ground (a new trunk sewer for Nicosia and Kioneli/Gönyeli, a second cell for the central landfill at Kutsoventis/Güngör, a central collection, treatment and disposal system for animal by-products). 1 Council Regulation No 1311/213 Art. 22: 'In the event of the reunification of Cyprus between 2014 and 2020, the MFF shall be revised to take account of the comprehensive settlement of the Cyprus problem and the additional financial needs resulting from the reunification.' 2 Article 11: 'Event of a settlement. In the event of a comprehensive settlement of the Cyprus problem, the Council shall, on the basis of a proposal from the Commission, decide unanimously on the necessary adaptations to this Regulation. 4 In addition, a number of complementary activities related to restructuring and infrastructure have also already been financed (for example: design studies – including those for potential future investments such as the reuse for ***agriculture*** of treated wastewater and sludge ***produced*** by the waste water treatment plant at MiaMilia/Haspolat - services for supervision of the works, supplies of equipment - such as trucks for bringing waste to the landfill and for collecting animal-by products (ABPs) - incineration equipment for disposal of ABPs, equipment for treatment of hazardous medical waste, laboratory equipment for animal and plant health analyses). The key priority under the 2016 ***programme*** in the area of development and restructuring of infrastructure will be to successfully address the emerged issue of necessary repairs and the related dispute with the contractor for the Famagusta sewerage network. Full funding of this project will be secured for health, environmental and citizen welfare reasons. The defective network is causing distress to the community. Because of leakages in the system there is exfiltration of sewage that causes pollution of the aquifer and infiltration of saline groundwater. By repairing the defective networks, these issues are expected to be resolved. One overall allocation will be made available under the 2016 Aid ***Programme*** to complete this project (EUR 16.6 million). Objective 2: promotion of social and economic development Promotion of social and economic development received almost 27% of total Aid ***Programme*** resources from 2006 up to the end of 2015. Given the expected rapid application of the acquis following the settlement, the private sector – and in particular the SMEs – are likely to face a particular challenge of adjustment to competition and market requirements. Against this background, funds will be provided to promoting private sector and economic development (EUR 9.4 million) by involving expert assistance, including from the International Financial Institutions (IFIs), and by providing direct assistance to TCc economic actors with the help of grants. Objective 3: reconciliation, confidence-building measures, and support to civil society Support for confidence-building measures has been a successful and well-received element of the Aid ***Programme***. The Commission has shown particular readiness to continue promoting these measures, including through reallocating resources under the 2013, 2014 and 2015 Financing Decisions in particular for supporting the opening of new Green Line crossing points. For the continuation of its activities until the end of 2018, the Committee of Missing Persons (CMP) will receive an amount of EUR 2.6 million under the 2016 ***programme***. In addition to this, EUR 5.2 million under the 2013 ***programme*** and EUR 2.6 million under the 2014 ***programme*** have already been made available to the CMP as part of the re-***programming*** exercise adopted in 2016. 5 The support to the bi-communal Technical Committee on Cultural Heritage (TCCH) (island-wide restoration of monuments, mosques and churches) has been frontloaded by a total amount of EUR 4.6 million under the 2013 ***programme*** and EUR 1.8 million under the 2014 ***programme*** as part of the re-***programming*** exercise adopted in 2016. The above support has ***produced*** highly visible output and allowed for the restoration of buildings that are being readapted and used by the communities. The delivery method of this support, through indirect management by the UNDP, is well-tested and has proved efficient. The tasks entrusted to UNDP are all implementation activities including: procurement, payments, project management, monitoring and ensuring visibility. Given the need to further strengthen the capacity of the Civil Society Organisations (CSOs) in the northern part of Cyprus, the 2016 ***programme*** will further support civil society projects with grants amounting to EUR 1 million. Objective 4: Bringing the Turkish Cypriot community closer to the European Union A successful vehicle in reaching the objective of bringing the Turkish Cypriot community closer to the Union has been the Infopoint project which carries out a range of communication and visibility functions, amongst others providing information about EU policies and actions in support of the TCc. Maintaining the Infopoint activity remains vital in enhancing the visibility of the EU in the northern part of Cyprus. To ensure the continuation of Infopoint, an allocation of EUR 1.5 million for two years is provided under the 2016 ***programme***. The implementation of the scholarship ***programme*** (opportunities given to students and professionals to study abroad) has been outsourced to the British Council. Earlier allocations from the Aid ***Programme*** provide coverage up to the academic year 2018-19. For this reason, no further allocation is required under the 2016 ***programme***. Objectives 5/6: preparation of legal texts aligned with the acquis communautaire/ preparations for the implementation of acquis communautaire The Aid Regulation specifically foresees assistance for preparing the implementation of the EU acquis and for preparing legal texts aligned with the EU acquis to be immediately applicable upon the entry into force of a comprehensive settlement of the Cyprus problem. In addition, the Commission is required to provide continued support for the implementation of Council Regulation 866/20043 (the Green Line Regulation) and Commission Regulation 1480/20044, thereby supporting the economic integration of the island. The main instrument used by the Commission for preparing the implementation of the EU acquis is the Technical Assistance and Information Exchange instrument (TAIEX). 3 Council Regulation (EC) N°866/2004 of 29 April 2004 on a regime under Article 2 of Protocol 10 to the Act of Accession 4 Commission Regulation N°1480/2004 of 10 August 2004 laying down specific rules concerning goods arriving from the areas not under the effective control of the Government of Cyprus in the areas in which the Government exercises effective control 6 This instrument enables experts to be sent from EU Member States to the TCc to explain the acquis, awareness seminars to be held, draft legal texts to be prepared (in order to be applicable after settlement) and technical assistance to be provided. The resources allocated to TAIEX in the previous years are sufficient to cover the needs in the future. Therefore, there is no need for an additional allocation under the 2016 ***programme***. Support Facility The 2016 ***programme*** includes also a Support Facility (EUR 2.3 million) from which resources can be mobilised to take advantage of new emerging opportunities and to facilitate new initiatives from the settlement process, which the EU undertakes to support. Support ***interventions*** may be necessary at short notice in any of the objectives covered by the Aid ***Programme*** and the availability of resources for this purpose is essential to support the settlement process. In view of the ongoing process and the potential for political agreement, the Commission must be ready to deploy resources as opportunities arise, which are supported by both communities. These initiatives cannot be clearly identified at the ***programming*** stage. Finally, the Support Facility may finance supporting studies, such as in the area of energy efficiency and/or education strategy. 1.2 Grants The objectives of the Aid Regulation which are implemented through calls for proposals or direct grants in the Aid ***Programme*** 2016 are the following:  The promotion of social and economic development including restructuring, in particular concerning rural development, human resources development and regional development (Objective 2 of the Aid Regulation); and  Reconciliation, confidence-building measures, and support to civil society (Objective 3 of the Aid Regulation) 1.2.1 Support for SMEs (Objective 2 of the Aid Regulation) Priorities of the year [1], objectives pursued [2] and expected results [3] [1] Support for SMEs [2] Improving the competitiveness of and innovation in SMEs [3] a) Enhanced SME competitiveness and readiness for EU trade through adherence to EU standards and preparation for 'CE' marking b) Increased labour productivity and employment in the private sector through financing the modernisation of and innovation in enterprises. 7 Description of the activities to be funded The Aid Regulation gives prominence to economic development of the TCc. The 2015-2016 Competitiveness Report on the Turkish Cypriot Economy by the TC Chamber of Commerce, following a WEF (World Economic Forum) protocol, indicates that TC economy ranks low in terms of competitiveness. This points to a challenge for businesses, in particular for the SMEs, which make up 99% of the TC businesses, in being able to maximise the benefits from the future access to the EU Single Market. Since its inception in 2006 and up to the end of 2015, the Aid ***Programme*** has supported the business environment in general and TC businesses in particular through technical assistance and grants to an amount of around EUR 15 million. In addition to this, in February 2016, the Commission – under the Aid ***Programme*** - signed a four-year agreement with the European Bank for Reconstruction and Development (EBRD) (EUR 1.65 million) to provide assistance for the rollout of a comprehensive SME Competitiveness Facility. This Facility will combine advice to local consultants and financial intermediates with access to finance by the EBRD, which has earmarked EUR 25 million for this purpose. In June 2016, the TCc adopted an SME strategy, which mirrors the SME strategy adopted in the Republic of Cyprus. The strategy aims at 'turning the SMEs into the driving force of economic growth' in the TCc, notably by favouring innovation, enhancing productivity and the production of high-quality goods and services, improving the qualifications of the labour force and ensuring an industrial transformation with a maximum level of safety of environment and occupations. Support under the 2016 Aid ***Programme*** Against this background, and in line with the TCc SME strategy, the 2016 Aid ***Programme*** will support the development of a more performing business environment in the TCc by: a) enhancing the competitiveness of the TCc SMEs by modernising their production process through, for example, the introduction of Total Quality Management (TQM) schemes, as well enhancing the quality of their goods and services with a view to complying with EU standards and with the criteria for obtaining CE markings; b) developing the technical, innovative and administrative skills of the SMEs, through encouraging their use of Information Technology, encouraging their recruitment of skilled labour, supporting the development of R&D departments and supporting their use of innovative machinery and means of production. One grant scheme is ***planned*** for the above mentioned objectives, towards established enterprises and start-ups. 8 Essential eligibility, selection and award criteria Eligibility criteria: Applicants shall fall under the EU “Small and Medium Enterprise” definition and shall be established in the northern part of Cyprus. Entities may be natural or legal persons. Selection criteria: Financial and operational capacity of the applicant (sufficient capable staff and sound financial records). Award criteria: Relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action. Implementation The actions will be implemented directly by the Commission. Indicative timetable and indicative amount of the call for proposals Reference Date Amount SME competitiveness and start-ups 2Q2017 EUR 5,000,000 Maximum possible rate of co-financing of the eligible costs 85% 1.2.2 PFM review and capacity building (Objective 2 of the Aid Regulation) Priorities of the year [1], objectives pursued [2] and expected results [3] [1] Public financial management review and capacity building [2] Improved effectiveness, control and efficiency of the public financial management (PFM) and related systems and bringing them in line with EU standards [3] Enhanced monitoring and improved fiscal financial governance Description of the activities to be funded The Cyprus settlement will require significant fiscal reforms by the TCc. There is much capacity and institutional building necessary to be done. It is important to intensify such support as the political process evolves. A grant will be concluded with the International Monetary Fund with the aim of improving the effectiveness, control and efficiency of public financial management (PFM) and related systems and bringing them into line with EU requirements. 9 Essential eligibility, selection and award criteria Direct award The Financial Regulation foresees direct engagement of international organisations with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power, on condition that the actions concerned do not fall within the scope of a call for proposals. The mechanism proposed for implementing this is the use of a pillar assessed (PA) direct grant. - Name of the beneficiary: The International Monetary Fund (IMF) - Justification for the use of an exception to calls for proposals: In line with the Rules of Application, Article 190(1) (f), a direct award grant is foreseen, because the work requires a sensitive interaction with the beneficiary and collection and analysis of data of a sensitive nature. A body of respected international standing is therefore needed for the grant implementation. Besides this, the work is very technical in nature. The IMF has recognised and relevant experience in the field of public financial management and a high level of specialisation and technical competence. In parallel, IMF is working on similar issues with the Republic of Cyprus. - The essential selection criteria: Financial and operational capacity of the applicant (sufficient capable staff). - The award criteria: Relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action. Implementation Grant awarded without a call for proposals Indicative timetable and indicative amount of the grant(s) awarded without a call for proposals Reference Date Amount PFM review and capacity building 2Q2018 EUR 800,000 Maximum possible rate of co-financing of the eligible costs 100% Full financing of the action is essential for the action to be carried out with maximum EU visibility and is justified in view of the engagement of the IMF on a parallel, but complementary ***programme*** in support of the Republic of Cyprus. 10 1.2.3 Support for civil society (Objective 3 of the Aid Regulation) Priorities of the year [1], objectives pursued [2] and expected results [3] [1] Support for civil society, reconciliation and active citizenship [2] Strengthen civil society in the Turkish Cypriot community and their actions in order to develop a culture of dialogue, participation in community life and promotion of values of tolerance, peace, and active citizenship [3] Strengthened Civil Society Organisations (CSOs) networks in the TCc; enhanced engagement of CSOs and citizens in policy dialogue in the TCc; enhanced cooperation between CSOs from across Cyprus through bi-communal joint actions and links Description of the activities to be funded The Treaty on the European Union (Article 2) states that the Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. These values are common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail. An empowered civil society can play an important role in ensuring these principles are upheld in practice. It is also in itself a crucial component of any democracy. By articulating citizens' concerns, civil society organizations (CSOs) are active in the public arena and engage in initiatives that foster pluralism and further participatory democracy. The extent of social and political engagement in the northern part of Cyprus remains limited and the effectiveness of advocacy is also low. In particular, the CSOs themselves have few resources and the impact of CSO activities lacks sustainability. Through the Aid ***Programme***, the Commission has consistently tried to maintain contact with individual citizens and civil society groups in the northern part of Cyprus in order to consolidate and enhance the platforms that exist as well as to stimulate the adoption of EU values of dignity and democracy. It is particularly important to maintain this link at a time when the two communities have re-engaged in settlement talks and the civil society needs to be heard. There are currently 18 CSO projects (many of them in bi-communal partnership) and more than 40 CSOs across Cyprus supported by the funds under 2014 and 2015 Aid ***Programmes***. Given that USAID, the other main donor to civil society's capacity building, closed its ***programme*** at the end of 2015, continued access to EU funding for Civil Society is even more vital to ensure that active citizens and CSOs are pursuing their actions. Against this background, the 2016 Aid ***Programme*** will continue to support the development of a culture of dialogue, the participation in community life and the promotion of values of tolerance, peace, and active citizenship. In particular, the 2016 Aid ***Programme*** will finance actions under a new, seventh grant scheme to stimulate bi- 11 communal activities and promote more active citizenship and volunteering, through: • Promoting the benefits of bi-communal work – including through research, evaluation and outreach; • Supporting the development of good practice and strengthening of civil society initiatives, particularly those engaged in, or that have the potential to become engaged in, bi-communal or peace building activity; • Widening the base of those involved in civil society and in particular bi-communal work through supporting projects that are reaching out to underrepresented sections of the community; • Connecting CSOs and students and promoting internship ***programmes*** between CSOs and TCc educational establishments to increase volunteerism. Essential eligibility, selection and award criteria Eligibility criteria: Applicants shall be established in the northern part of Cyprus. Entities may be natural or legal persons Selection criteria: Financial and operational capacity of the applicant (sufficient capable staff and sound financial records). Award criteria: Relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action. Implementation The actions will be implemented directly by the Commission. Indicative timetable and indicative amount of the call for proposals Reference Date Amount Support to Civil Society 2Q2017 EUR 1,000,000 Maximum possible rate of co-financing of the eligible costs 95% 12 1.3 Procurement The objectives of the Aid Regulation which are implemented through procurement procedures in the Aid ***Programme*** 2016 are the following:  The promotion of social and economic development including restructuring, in particular concerning rural development, human resources development and regional development (Objective 2 of the Aid Regulation)  Bringing the Turkish Cypriot community closer to the Union through inter alia information on the EU political and legal order, promotion of people to people contacts and Community scholarships (Objective 4 of the Aid Regulation) In addition, under the Aid Regulation, assistance may also be used to cover in particular the costs for supporting activities. 1.3.1 Repairs and dispute settlement for the Famagusta sewerage network (Objective 1 of the Aid Regulation) Subject matter of the contracts envisaged The water sector remains a critically important one, considering water scarcity on the island, deterioration of aquifer quality and the stipulations of the acquis requiring wastewater collection, treatment and discharge systems for population concentrations. Continued support to the water sector was one of the recommendations of the European Court of Auditors in 2012 and a sector assessment and technical workshops prioritised potential investments. The EU has funded much work in this area, with sewerage network replacement in main centres and three new wastewater treatment plants (WWTP) serving around 300,000 'population equivalents' i.e including commercial customers. The new, bicommunal Mia Milia/Haspolat outside Nicosia, handed over in 2013, was 70% funded by the Nicosia Sewerage Board and 30% funded under the Aid Regulation. The design phase for the return and re-use of treated water in the government-controlled areas was launched in 2014. Work in Famagusta, with an initial allocation under the 2006 ***programme***, included both a new WWTP and a 47 km sewer network with seven pumping stations. The network has been laid, but serious defects have been found. The contract was terminated by the Commission in December 2013. The dispute resolution has not been solved. While the WWTP is accepting wastewater in the meantime, it had suffered from corrosion problems due to ingress of saline water into the network. These corrosion problems were remedied, but the on-going ingression of saline groundwater remains a significant risk to the overall functioning of the network. The sewerage network has to be repaired for health, environmental and citizen's welfare reasons. The defective network is causing distress to the community. Because of the defects, the long term structural integrity of the networks is unsure. The leakages in the system cause exfiltration of sewage which results in pollution of the aquifer and infiltration of saline groundwater that may create new corrosion in the WWTP. This increases the operation and maintenance costs, both at the Pumping Stations and the WWTP. By repairing the defective networks, these issues will be resolved. Completing the project shall also bring WWTP to a status of efficient and sustainable operation. An allocation is therefore required to cover remedial works and supervision needs. The physical work to be undertaken includes design review, works and supervision. The activities will be: (i) laying a parallel sewer and removing the existing defective sewer 13 over a length of ca. 31.5 km; (ii) making point repairs where replacement of whole sewer sections is not necessary; and (iii) repair the pumping stations, After the repair, careful backfilling, compaction, closure and asphalting will be carried out. Type of contract and type of procurement Works contract and Service contract Indicative amount per contract - Works contract: EUR 14,500,000 - Service contract: EUR 2,100,000 Indicative number of contracts envisaged Indicative timeframe for launching the procurement procedure - 1 works contract (repairs) 4Q2017 - 1 service contract (supervision) 4Q2017 Implementation The actions will be implemented directly by the Commission. 14 1.3.2 Technical assistance for promotion of social and economic development (Objective 2 of the Aid Regulation) Subject matter of the contracts envisaged Technical assistance for: a. Support for the private sector: further development of the private sector, inter alia through assistance for the adoption of efficient, effective and quality processes and products, compliance with EU production and products standards, achievement of CE marking as well as identification of future business opportunities, in particular following settlement b. Support for the ***Programme*** Management Unit (PMU): provision of support to the Commission and to TC potential and actual grant beneficiaries for the implementation of grant schemes and related grant contracts. a. Support for the private sector The current technical assistance contract to support the development of the private sector started in November 2015. It is providing advice and ***strategic*** support to stakeholders in the TCc at various levels, including to business support organisations such as chambers and investment promotion agencies. By strengthening the capacities of such key stakeholders to support private sector development in the TCc, the technical assistance aims overall to promote private sector growth and move the economy away from its reliance on the public sector, to support private job creation, and ultimately to contribute to increasing income convergence with the government-controlled areas. In 2016, it is foreseen that this technical assistance will be continued in order to help identify future business opportunities, identify areas for future grant ***interventions*** and strengthen even further the capacity of the representatives of the private sector, such as chambers. Through

the 2016 Aid ***Programme***, the technical assistance will provide fact-finding and needs-assessments studies on relevant subjects for private sector development. For instance, the technical assistance will focus on providing recommendations and guidance to the TCc for (i) implementing and better exploiting synergies with the government-controlled areas, (ii) introducing quality schemes such as Total Quality Management (TQM) and (iii) improving quality of services and goods with a view to complying with EU standards and with the criteria for obtaining CE markings. This technical assistance is complementary to the grants provided to SMEs as defined in point 1.2.1 b. Support for the ***Programme*** Management Unit (PMU) Since 2008, a PMU contracted by the Commission under a service contract funded by the Aid ***Programme*** has been providing services to the Commission as well as to potential and actual grant beneficiaries in the TCc for the implementation of Aid-***Programme***-funded grant schemes. The PMU activities are varied and cover the full project cycle. These activities include the provision of: a) support to the Commission for: i) informing the TCs about open calls for proposals, related objectives, aims, and selection procedure; ii) assessing grant applications and preparing contract documents; 15 iii) monitoring the implementation by TC grant beneficiaries of the grant-funded actions; b) support to grant applicants and grant beneficiaries with a range of training activities; c) assistance to grant beneficiaries in the implementation of the EU-funded grant actions, inter alia, in relation to i) sub-granting/secondary procurement of services, supplies or works and ii) reporting to the Commission. PMU processes have been gradually refined and, inter alia, help give assurance to the Commission that the applicable procedural rules are followed by grant beneficiaries. In view of the significant additional volume of work that will arise from the grant ***programmes*** foreseen under the 2016 Aid ***Programme***, continuation of the PMU work is of crucial importance. Type of contract and type of procurement Service contracts Indicative amount per contract EUR 1,300,000 – TA for further private sector development EUR 1,500,000 – PMU technical assistance Indicative number of contracts envisaged Indicative timeframe for launching the procurement procedure - 2 service contracts - 3Q2017 Implementation The actions will be implemented directly by the Commission. 1.3.3 Infopoint project: providing information about EU policies (Objective 4 of the Aid Regulation) Subject matter of the contract envisaged Objective 4 requires Bringing the Turkish Cypriot community closer to the Union. A successful vehicle in this respect has been the Infopoint project, which carries out a range of communication and visibility functions, providing information about EU policies and about actions in support of the TCc, promoting European culture, giving information about funding opportunities and maintaining a website and social media presence. This has considerably enhanced the visibility of the EU in the northern part of Cyprus. Since many of the EU projects in support of the TCc are not otherwise easily visible to individuals, maintaining the Infopoint activity remains vital. To ensure the continuation of Infopoint, which is run through a service contract, an allocation in the 2016 ***programme*** is required. Type of contract and type of procurement 16 Service contract Indicative amount per contract EUR 1,500,000 (for a two-year period) Indicative number of contracts envisaged Indicative timeframe for launching the procurement procedure - 1 service contract - 1Q2017 Implementation The actions will be implemented directly by the Commission. 1.3.4 Support Facility Subject matter of the contracts envisaged Under the Aid Regulation: assistance may also be used to cover in particular the costs for supporting activities such as preliminary and comparative studies, training, activities linked to preparing, appraising, managing, implementing, monitoring, controlling and evaluation of assistance, activities linked to information and visibility purposes and costs for supporting staff, renting of premises and supply of equipment. In view of the on-going settlement process, the Support Facility can play an important function by providing additional resources for upcoming unforeseeable needs and activities that may facilitate the settlement process. Various services of the Commission have been providing technical input to the bi-communal ad hoc Committee on EU preparation since 2015 (discussing future acquis compliance). More extensive technical assistance activities may be expected. The range of topics on which the two communities will engage is very wide and will eventually encompass the whole of the acquis. Support ***interventions*** may be necessary at short notice and availability of resources will be essential. Finally, the Support Facility will provide resources for visibility actions, evaluations, and audits as well as monitoring and other supporting studies, such as in the area of energy efficiency and/or education strategy. Furthermore, it will provide resources for the logistic support to the EU ***Programme*** Support Office (EUPSO) in the northern part of Nicosia, which houses the Commission staff implementing the Aid ***Programme*** in the field. 17 Type of contract and type of procurement Works, supply, service contracts Indicative amount per contract Overall amount EUR 2,308,392 Indicative number of contracts envisaged Indicative timeframe for launching the procurement procedure Not known yet given the nature of the Support Facility Implementation The actions will be implemented directly by the Commission. 1.4 Actions implemented through indirect management The objectives of the Aid Regulation, which are implemented through indirect management in the Aid ***Programme*** 2016, are the following:  The promotion of social and economic development including restructuring, in particular concerning rural development, human resources development and regional development (Objective 2 of the Aid Regulation)  Reconciliation, confidence-building measures, and support to civil society (Objective 3 of the Aid Regulation) 1.4.1 Technical assistance for promotion of social and economic development – EBRD credit facility (Objective 2 of the Aid Regulation) Amount EUR 800,000 (to expand current advisory services over the four years of the agreement) Implementing entity EBRD, according to Article 58(1)(c) of the Financial Regulation. The EBRD has a reputation and track record as a leader in developing small businesses and in laying foundations for sustainable growth. The model for EBRD ***intervention*** with credit facilities (the 'Small Business Support ***Programme***') is well developed and has a proven track record. Since 1993, it has facilitated advisory services to nearly 14,000 companies in 35 countries. This has been supported by more than 20 bilateral and institutional donors, primarily the European Union and the EBRD, who have provided over EUR 230 million of funding. 18 With this support, the EBRD has helped beneficiaries improve their decision making, expand into new markets, introduce different product lines, achieve quality certification, reduce their energy use and redefine their approach to human resources. Based on performance measured one year after project completion, on average, 77% of beneficiaries had increased their turnover by an average of 23%, 57% had created new jobs, and 17% had secured external financing to continue their expansion. The same ***Programme*** has been running through share-holders funds in the governmental-controlled areas. The Commission has signed a Financial and Administrative Framework Agreement (FAFA) with the EBRD for use of the (PAGODA) Delegation Agreement form of contract. Overall objective and purpose of the action In 2015, the EBRD proposed that the Commission should allocate EUR 1.65 million over four years to implement a two-tiered comprehensive SME Competitiveness Facility in the Turkish Cypriot community. This action, which is currently being implemented, involves combining EBRD-funded SME credit lines (EUR 25 million over four years), supported by a technical cooperation ***programme*** with financial intermediaries (Window 1), with the provision of business advisory services directly to SMEs through consultancy assignments (Window 2). In line with the EBRD’s ***strategic*** priorities, the funded action links the two fundamental elements needed for small business development: access to finance and business advice. The additional EUR 0.8 million will be used under Window 2 in order to offer business advice from local and/or international consultants to additional TC SMEs, for a value of up to EUR 20,000 per consultancy, including advising, training and coaching on topics such as CE marking. Expected results: Improve SME performance by providing business advice from local and/or international consultants and building a sustainable market of advisory services. 1.4.2 Support to the Committee of Missing Persons (CMP) (Objective 3 of the Aid Regulation) Amount EUR 2,600,000 Implementing entity 19 UNDP (United Nations Development ***Programme***) according to Article 58(1) (c) of the Financial Regulation. The UNDP, as a UN agency, has a unique, trusted, neutral role and is a facilitator of the settlement process. The Technical Committees, through which the Confidence-Building projects are steered, were set up under the auspices of the UN. The projects (Committee of Missing Persons as well as Cultural Heritage Protection) involve dealing with delicate sensitivities of both communities. The UNDP has considerable expertise on both the CMP and cultural heritage protection in Cyprus. Up to and including 2015, allocations were made for 8 Contribution Agreements (CAs) with UNDP for the CMP and 3 CAs with UNDP for support to the preservation of cultural heritage. The UNDP has a good track record in the implementation of these CAs and has built up a high level of efficiency, considering the particular circumstances of the implementation. Contributions to the CMP have yielded the greatest achievement over the three years 2013-15, with 140 identifications by end of December 2013; 152 additional identifications by November 2014, and the opening up of all military areas to excavations by the end of 2015, successes never achieved in 7 years of project's implementation. The Commission has signed a Financial and Administrative Framework Agreement (FAFA) with the UN for use of the (PAGODA) Delegation Agreement form of contract. Overall objective and purpose of the action The EU supports the CMP in establishing the fate of those persons declared missing by both communities as a consequence of the tragic events of 1963-64 and 1974. The Committee has no mandate to establish the cause of death or attribute responsibility. Bi-communal scientific teams participate in all stages of the process e.g in undertaking awareness sessions on the CMP in high schools in both communities. The CMP is an important and high-profile bi-communal activity. The three CMP Members presented the work to the UN Secretary General in May 2015 and, in December 2015, the two community leaders visited the CMP anthropology laboratory and made an appeal calling on all Cypriots to provide information to the CMP on possible burial sites. As time advances, new information becomes scarcer, although a significant breakthrough was achieved in 2015 with the granting of access over the period 2016-19 to 30 suspected burial sites under Turkish military control. The EU will continue to support the CMP and the 2016 Aid ***Programme*** includes an allocation for the CMP that is in line with previous years. This allocation, together with an additional amount of EUR 2,600,000 that is being made available through re-allocation under the 2013 Aid ***Programme***, is to cover a nominal 2-year period of implementation. The tasks entrusted to UNDP will all be implementation activities including: procurement, payments, project management, monitoring and ensuring visibility. 20 Expected results: 1) build trust by bringing the two communities to work together; 2) reduce number of missing persons; 3) increase awareness This translates into the following activities: a) Support to the bi-communal teams; b) Investigations, Excavations, Exhumations, DNA Analysis, Return of remains c) Events, training, awareness raising 60% of the budget allocated to the CMP goes to the core of its bi-communalism: it finances part of the salaries of young Greek and Turkish Cypriots working as archaeologists, anthropologists, investigators, geologists, and geneticists, contracted by the respective communities. The related costs are partially covered by EU funds, partially by the funds of two communities. 15% of the project costs goes to the actual identification process (matching the DNA found in the bones with that of relatives); another 15% to the excavations. Remaining funds cover the daily laboratory costs. 21 1.5 Indicative budget table by Objective Aid Regulation Objective Procurement Call for Proposals / Direct Grant Award Indirect Management with IOs/MS Body Totals EUR EUR EUR EUR % Objective 1: Development and restructuring of infrastructure Famagusta sewerage network 16,600,000 16,600,000 50 Objective 2: Social and economic development Support to SMEs Technical assistance PFM review 2,800,000 5,000,000 800,000 800,000 9,400,000 28 Objective 3: Reconciliation and confidence building Support to CMP Support to CSOs 1,000,000 2,600,000 3,600,000 11 Objective 4: Bringing TCs closer to the Union Infopoint 1,500,000 1,500,000 4 Support facility 2,308,392 2,308,392 7 TOTAL 23,208,392 6,800,000 3,400,000 33,408,392 100 22 1.6 Assumptions and accompanying actions There are several specific issues that must be resolved and agreed by relevant Turkish Cypriot community stakeholders before the 2016 ***programme*** can be fully implemented: Objective 1: Development and restructuring of infrastructure  all potential property-related issues must be identified, including site access issues, ***planning*** consents and methods of working;  house connections to the sewerage network must be carried out in Famagusta. Objective 2: Promotion of social and economic development  the actions leading to the implementation of the TCc dairy-sector action ***plan*** will require committed and continuous involvement of the beneficiaries. The many necessary technical improvements will be incorporated into the dairy-sector action ***plan***;  the implementation of the Rural Development ***Programme*** requires fulfilment of responsibilities by all involved actors;  it is assumed that Green Line trade of dairy products will eventually be possible;  it is assumed that grant applications of sufficient quality will be generated by businesses and ***agricultural*** operators. Objective 3: Reconciliation and confidence building measures  it is assumed that the bi-communal Technical Committee on Cultural Heritage will continue to meet regularly and to provide clear guidance on preferred priorities agreed by the two communities;  the TCc shall ensure that monuments renovated in the northern part of Cyprus are subsequently maintained and accessible to the public and returned to use where possible. It is, furthermore, assumed that the political settlement process will continue to evolve, allowing the Aid ***Programme*** to contribute to the ultimate goal of reunification of the island. 23 1.7 Implementation modalities and general rules for procurement and grant award procedures DIRECT MANAGEMENT: Part of this ***programme*** shall be implemented by direct management by the Commission in accordance with article 58(1)(a) of the Financial Regulation and the corresponding provisions of its Rules of Application. Procurement shall follow the provisions of Part Two, Title IV Chapter 3 of the Financial Regulation No 966/2012 and Part Two, Title II, Chapter 3 of its Rules of Application. Grant award procedures shall follow the provisions of Part One Title VI and Part Two Title IV Chapter 4 of the Financial Regulation No 966/2012 and Part One Title VI and Part Two Title II Chapter 4 of its Rules of Application. The International Federation of Consulting Engineers (FIDIC) conditions of contract shall be used for works contracts implemented through direct management. The Commission may also use services and supplies under its Framework Contracts concluded following Part One of the Financial Regulation. INDIRECT MANAGEMENT: Part of this ***programme*** shall be implemented by indirect management with entrusted entities other than the beneficiary in accordance with Article 58(1)(c) of the Financial Regulation and the corresponding provisions of its Rules of Application. The general rules for procurement and grant award procedures shall be defined in the relevant delegation agreements between the Commission and the entrusted entity implementing such action. The change of management mode from indirect management to direct management, whether partially or entirely is not considered a substantial change provided that all essential elements of the actions have been specified in the initial text of the financing decision. MONITORING The Commission may undertake any actions it deems necessary to monitor the ***programmes*** concerned. EVALUATION ***Programmes*** financed under Council Regulation 389/2006 shall be subject to ex ante evaluations, as well as interim and/or, ex post evaluations. The results of evaluations shall be taken into account in the ***programming*** and implementation cycle. The Commission may also carry out ***strategic*** evaluations. 1.8 Special conditions In the implementation of actions financed under this Financing Proposal, the rights of natural and legal persons, including the rights to possessions and property shall be respected in line with Art 7 of Council Regulation 389/2006. 24 Nothing in this financing proposal is intended to imply recognition of any public authority in the areas, other than the Government of the Republic of Cyprus. As regards participation in the award of procurement or grant contracts, the term “all natural and legal persons of Member States of the European Union in Article 9 paragraph 1 of Council Regulation 389/2006” includes all genuinely existing domestic legal persons residing or established in the areas. This will be specified in the calls for tenders and proposals.

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**End of Document**



[***President Anastasiades outlines projects for Troodos mountain range communities***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PDM-8SF1-F00C-62HC-00000-00&context=1516831)

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**Body**

Cyprus President Nicos Anastasiades has presented infrastructure projects which have either been completed, are ongoing or are ***planned*** and which include an observatory and a funicular, to help improve living conditions and boost growth in the communities of the Troodos mountain range.

Addressing on Saturday the Troodos Development Company Annual General Meeting, the President highlighted the importance of ***strategic*** ***planning*** and said that the Directorate General for European ***Programmes***, Coordination and Development has undertaken a coordinating role to present a growth ***plan*** for the wider Troodos area and propose solutions where possible.

According to a PIO press release, issued here today, Anastasiades noted that the key word which would describe the ***planning*** is 'synergy' between all involved actors, adding that the ***plan***, at the stage of completion, is expected to be submitted to the Cabinet for approval.

Referring in particular to the creation of an observatory, a proposal submitted by the Forest Department, the Troodos Development Company and the Agridia Community Council for funding in the framework of the cross-border cooperation between Cyprus and Greece for the period of 2014 - 2020, President Anastasiades said that it has been approved at the first review stage and a final review to decide whether the project will be funded is expected to be completed within September.

The proposal provides for the construction of an Observatory in the Agridia community, an outdoor star observation area in the Amiantos mine, regulated points of entry into the National Forest Park, information sites, opportunities to participate in star observation conferences, tourist fairs and educational ***programmes***.

The budget for Cypriot involved parties comes to pound 1.6 million.

On the funicular, President Anastasiades said 'it would bring added value to the region.' He explained that high costs and the need to establish cooperation between the public and the private section have prevented the project to go ahead so far.

'However, I am pleased to announce today that the project will go ahead,' he said.

According to President Anastasiades the Cabinet is set to approve a budget of pound 150,000 in September for a tender on a feasibility study which would be presented to prospective investors.

Anastasiades also said that in the period 2013 - 2016 some 12.4 million euro was spent on road and building improvement projects while in 2017 pound 4.1 million is expected to be spent in the Nicosia and Limassol communities of the Troodos mountain range.

Referring to property owned by the state in the Troodos mountain range, he said the government is working intensively to make the most of it for tourist purposes and that the properties have been recorded in detail and separated in 10 different clusters. The first phase of the project will deal with three clusters around the Troodos square at an estimated budget of pound 16 million, he said, adding that this will aim to attract private investors and it is expected to be completed by the end of 2017.

He said that the Cyprus Tourist Organisation would look into the possibility of offering incentives packages to tour operators to include resorts in the Troodos area.

Referring to projects which are either already completed or ongoing, he talked about the restoration of the environment at Amiantos mine at a cost of pound 1.35 million, landscaping the Troodos square, a proposal to include the Troodos region in the UNESCO global geopark list, and the project GEO-IN which has received pound 300,000 from the Geoparks ***programme*** between Cyprus and Greece for the period 2014 - 2020.

The President also referred to other projects in the pipeline, such as a regional market in the village Karvounas for ***agricultural*** products at a cost of pound 600,000 and ***plans*** to establish a Gastronomy School in Saitas costing about pound 730,000 as part of the EEA - Norway Mechanism, using local ***produce***.

According to President Anastasiades in the context of the EU Rural Development ***Programme*** for the period 2014 - 2020 the Troodos Development Company is expected to receive in co-funding up to pound 2.7 million for the implementation of a local development strategy.

**Load-Date:** September 5, 2017

**End of Document**



[***Prairie Mining releases financial report for half-year ended December 31, 2017***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S48-F9H1-JC0X-H30X-00000-00&context=1516831)

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**Section:** METALS AND MINING

**Length:** 5259 words

**Highlight:** The Directors of Prairie Mining present their report on the Consolidated Entity consisting of Prairie Mining ("Company" or "Prairie") and the entities it controlled during the half-year ended 31 December 2017 ("Consolidated Entity" or "Group").

**Body**

DIRECTORSThe names and details of the Company's Directors in office at any time during the half-year and until the date of this report are:Directors:Mr Ian Middlemas Chairman Mr Benjamin Stoikovich Director and CEO Ms Carmel Daniele Non-Executive Director Mr Thomas Todd Non-Executive Director Mr Mark Pearce Non-Executive Director Mr Todd Hannigan Alternate DirectorUnless otherwise shown, all Directors were in office from the beginning of the half-year until the date of this report.OPERATING AND FINANCIAL REVIEWOperations Highlights during, and subsequent to, the end of the half-year include:Debiensko Mine (Premium Hard Coking Coal)The newly appointed Prime Minister, Mateusz Morawiecki, officially presented the Ministry of Development's "***Program*** for Silesia" which included a strategy for the re-start of a major coking coal mine in the Upper Silesian region, where the Debiensko Mine ("Debiensko") is located, and highlighted the positive social and economic impacts that mine development would have on the region.Mine site redevelopment ***planning*** continued at the Debiensko to advance with completion of initial demolition works, pre-qualification of study contractors, and preparation for an infill drill ***program*** to increase JORC Measured and Indicated Resources.Prairie continued discussions with regional steel makers and coke ***producers*** for future coking coal sales and offtake.Hard coking coal prices continued to trade at price levels above US$225/t FOB Australia.Market analysts forecast underinvestment in new coking coal mine development has potential to result in sustained high coking coal prices.European Commission continues to designate coking coal as a Critical Raw Material in its 2017 review.Jan Karski Mine (Semi-Soft Coking Coal)Prairie's use of modern exploration techniques continues to transform the Jan Karski Mine ("Jan Karski") with latest drilling results re-affirming the capability of the project to ***produce*** high value ultra-low ash semi-soft coking coal.Environmental permitting for Jan Karski advanced following successful submission of the Environmental and Social Impact Assessment ("ESIA") to the Lublin Regional Environment Directorate for Environmental Consent.Spatial development ***plan*** approved at Jan Karski meaning the rezoning of 56 hectares of ***agricultural*** land for industrial use is complete allowing for construction of a mine site, shafts and associated surface infrastructure.Preparation of the Mining Concession application is underway and anticipated to be lodged in the coming weeks, subject to the Company being issued with Environmental Consent.China Coal's technical studies for the construction of Jan Karski have significantly advanced and Prairie is currently reviewing study documents provided by China Coal.

The studies will be revised to incorporate the latest coal quality results from drilling at Jan Karski as well as any conditions stipulated in the Environmental Consent and the Mining Concession to be granted for Jan Karski.DIRECTORS REPORT (Continued)OPERATING AND FINANCIAL REVIEW (Continued)CorporateIn July 2017, Prairie and CD Capital completed an additional investment of US$2.0 million ($2.6 million) in the form of a non-redeemable, non-interest-bearing convertible loan note ("Loan Note 2").Cash on hand of $15.1 million and CD Capital's right to invest a further $68 million as a cornerstone investor, plus with the ***Strategic*** Co-operation Agreement between Prairie and China Coal for financing and construction of Jan Karski, Prairie is well positioned to progress with its ***planned*** development activities at Debiensko and Jan Karski.Debiensko MineDebiensko is a hard coking coal project located in the Upper Silesian Coal Basin in the south west of the Republic of Poland. It is approximately 40 km from the city of Katowice and 40 km from the Czech Republic. Debiensko is bordered by the Knurow-Szczyglowice Mine in the north west and the Budryk Mine in the north east, both owned and operated by Jastrzebska SpÃ³lka Weglowa SA ("JSW"), Europe's leading ***producer*** of hard coking coal.The Debiensko mine was originally opened in 1898 and was operated by various Polish mining companies until 2000 when mining operations were terminated due to a major government led restructuring of the coal sector caused by a downturn in global coal prices.In early 2006 New World Resources Plc ("NWR") acquired Debiensko and commenced ***planning*** for Debiensko to comply with Polish mining standards, with the aim of accessing and mining hard coking coal seams. In 2008, the Minister of Environment of Poland ("MoE") granted a 50-year mine license for Debiensko.Premium Quality Hard Coking CoalPreliminary analysis indicates that a range of premium hard coking coals that will be in high demand from European steelmakers can be ***produced*** from Debiensko. This analysis is based on historical data, neighbouring operational coking coal mines and the results of a suite of modern coking tests performed on selected seams from a fully cored borehole drilled by the previous owners in 2015/16. Two premium hard coking coal specifications have been delineated from select seams at Debiensko, namely Medium volatile matter hard coking coal ("Mid-vol HCC") and Low volatile matter hard coking coal ("Low-vol HCC"). Future study phases will determine the precise Debiensko premium hard coking coal quality specification on a year by year basis depending on the final adopted mine ***plan***, mining schedule and extent of coal blending.Both Debiensko's Mid-vol and Low-vol HCC lie within the range of premium hard coking coals ***produced*** globally. Indications are that the Mid-vol HCC at Debiensko is present between 850 m to 1,000 m from surface and the Low-vol HCC is present 1,000 m to 1,300 m below surface i.e. at depths similar to adjacent operating mines owned by JSW - the largest coking coal ***producer*** in EuropeRe-start of a Coking Coal mine included in "***Program*** for Silesia" and new political appointments in PolandPrairie notes that during the half-year, the Polish Government appointed a new Prime Minister, Mr Mateusz Morawiecki, who immediately prior to his current role, was Deputy Prime Minister and Minister of Finance in Poland. Prairie also notes that in January 2018, a new Minister of Environment, Mr Henryk Kowalczyk, was appointed as part of a cabinet reshuffle under the new Prime Minister.In Poland, responsibility for exploration and Mining Concessions is the responsibility of the MoE. Following his appointment, Prime Minister Mateusz Morawiecki, presented the Polish Ministry of Development's "***Program*** for Silesia" ("***Program***") a ***strategic*** document which anticipated the re-construction of a coking coal mine in the region of Upper Silesia, where Debiensko is located. The ***Program*** details the creation of 1,500 direct jobs in the region and indicates the social and economic benefits of re-construction of a coking coal mine, to potentially be funded by foreign and Polish capital.Preparation for the Next Phase of Project StudiesFollowing completion of a 28 shallow geo-technical drill ***program*** during the period, Prairie continued to analyse the drill hole data which will be used for engineering design of foundations of structures associated with the shafts, coal handling and preparation plant ("CHPP") and other surface facilities. These holes are essential in order to assess the soil conditions, properly design structural foundations and thus provide more accurate pricing in the tenders as required for a feasibility study.Pre-qualification of contractors for the major components of the next phase of Debiensko studies also continued throughout the period including contractors for the:Preparation for the Next Phase of Project Studies (Continued)In-fill drilling ***program*** (to update measured and indicated resources);CHPP;Shafts and bulk coal winder;Desalination plant; andSurface facilities.Demolition works continued throughout the period specifically targeting old structures including walkways and old administrative buildings. To date, Prairie has completed demolition works on a number of old surface structures of the former Debiensko mine including the bathhouse, switchgear building and locomotive garage.Jan Karski MineLatest Drill Results Affirm Jan Karski as a Semi-Soft Coking Coal ProjectPrairie's use of modern exploration techniques continues to transform Jan Karski with latest drill results re-affriming the capability of the the project to ***produce*** high value ultra-low ash semi-soft coking coal, known as Type 34 coal in Poland. The coking coal quality results are superior to the drill results announced in May 2017, and further confirm that Jan Karski is a globally significant semi-soft coking coal ("SSCC") / Type 34 coking coal deposit with the potential to ***produce*** a high value ultra-low ash SSCC with an exceptional CSR and a high 75% coking coal product split.Submission of ESIA & Initiation of Public ConsultationAn application for issuing the environmental decision together with the ESIA was submitted to the Regional Director for Environmental Protection ("RDOS") in Lublin in October 2017. Taking into account the RDOS's additional comments the motion and ESIA were supplemented in late November 2017. The Environmental Consent process has now officially been initiated by RDOS. Prairie is now waiting for approval of the ESIA in the form of an Environmental Consent decision, which is the last component to meet all formal requirements to apply for the Mining Concession for construction for Jan Karski.As part of the environmental permitting process, Prairie initiated public consultations in three municipalities, including Wierzbica, Siedliszcze and CycÃ³w. Presentations on Jan Karski's development ***plans*** were given by Mr Miroslaw Taras (Prairie's Group Executive), Witold Woloszyn (Prairie's Environmental and ***Planning*** Manager) and specialists from the international environmental consulting group, Multiconsult Polska who prepared the ESIA. Key advantages for the local community related to employment opportunities and social benefits associated with the development, construction and operation of Jan Karski including:creation of 2,000 direct employment positions and 10,000 indirect jobs for the region once operational;increasing skills of the workforce and through the implementation of International Standard training ***programmes***;stimulating the development of education, health services and communications within the region; andbuilding a mine that creates new employment for generations to come and career paths for families to remain in the region.China Coal Progress and Financing DiscussionsIn November 2017, the Company hosted a delegation in Poland including China Coal No.5 Construction Company Ltd ("China Coal") and the Chinese Government's officially authorised coal mine design institute Jinan Mine Design Institute, during which locally provided content for construction of Jan Karski was finalised alongside domestic Polish specialists, subcontractors and partners who will provide relevant Polish content.Jan Karski Mine (Continued)China Coal Progress and Financing Discussions (Continued)China Coal's non-JORC technical studies for the construction and funding of the Jan Karski Mine have significantly advanced and Prairie is currently reviewing study documents ("Studies") received from China Coal subsequent to the halfyear end. In accordance with the ***Strategic*** Co-operation Agreement between Prairie and China Coal, the Studies will form the basis for provision of debt financing out of China for the construction and development of Jan Karski. The Studies are being undertaken in accordance with Chinese official mine design and banking standards for coal mine projects, and to comply with domestic Polish engineering standards and standards for mechanical and electrical equipment. The terms of the Environmental Consent and Mining Concession for Jan Karski will be incorporated into the final engineering design, as well as results from the latest coal quality and hydrogeological drilling works being conducted by the Company. Prairie and China Coal continue to advance discussions with Chinese banks to provide debt facilities to fund construction of the Project and enter into a complete Engineering, Procurement, and Construction ("EPC") contract under which China Coal would construct the Jan Karski Mine.Results of OperationsThe net loss of the Consolidated Entity for the half-year ended 31 December 2017 was $5,297,797 (31 December 2016: $5,337,988). Significant items contributing to the current half-year loss and the substantial differences from the previous half-year include to the following:Exploration and evaluation expenses of $4,047,621 (31 December 2016: $2,565,889), which is attributable to the Group's accounting policy of expensing exploration and evaluation expenditure incurred by the Group subsequent to the acquisition of rights to explore and up to the commencement of a bankable feasibility study for each separate area of interest. As a direct result of exploration and evaluation activities conducted during the half-year, the Group achieved key milestones including completed drilling at Jan Karski which re-affirmed the capability of the project to ***produce*** SSCC; permitting activities continued at Jan Karski including submission of an ESIA and approval of spatial development ***plans*** which will form the basis of a Mining Concession application; substantial advancement of China Coal's technical studies for construction of the Jan Karski Mine; and mine site redevelopment ***planning*** continued at Debiensko including advancement of demolition works pre-qualification of study contractors and preparation for an infill drill ***program*** to increase JORC Measured and Indicated Resources;Business development expenses of $512,267 (31 December 2016: $484,478) which includes expenses relating to the Group's investor relations activities during the six months to 31 December 2017 including brokerage fees, public relations, digital marketing, travel costs, attendances at conferences and business development consultant costs;Other expenses of nil (31 December 2016: $500,236) which relates to legal, accounting and other consultant costs in relation to the extensive due diligence and legal process conducted by the Company to effectively execute the acquisition of Karbonia in 2016;Non-cash share-based payment expenses of $200,422 (31 December 2016: $167,060) due to incentive securities issued to key management personnel and other key employees and consultants of the Group as part of the longterm incentive ***plan*** to reward key management personnel and other key employees and consultants for the longterm performance of the Group. The expense results from the Group's accounting policy of expensing the fair value (determined using an appropriate pricing model) of incentive securities granted on a straight-line basis over the vesting period of the options and rights. At 31 December 2017 1.2 million unvested performance rights were forfeited;Non-cash fair value loss of $212,687 (31 December 2016: $1,847,018) which is attributable to the non-cash fair value movements on the conversion right of the first CD Capital convertible loan note ("Loan Note 1") accounted as a financial liability at fair value through profit and loss. This financial liability increases in size as the share price of the Company increases. With the share price increasing by some 8% during the half-year, the size of the loss attributable to the financial liability has increased. When Loan Note 1 converts into shares and the CD Options are issued, the financial liability will be reclassified from a liability to equity and will require no cash settlement by the Company; andRevenue of $441,023 (31 December 2016: $403,179) consisting of interest revenue of $189,164 (31 December 2016: $208,330) and the receipt of $251,859 (31 December 2016: $194,849) of gas and property lease income derived at Debiensko.OPERATING AND FINANCIAL REVIEW (Continued)Financial PositionAt 31 December 2017, the Group had cash reserves of $15,146,766 (30 June 2017: $16,826,854) and with CD Capital's right to invest a further $68 million in the Company as a ***strategic*** partner, this places the Group in a strong financial position to continue with its ***planned*** development activities at Debiensko and Jan Karski.At 31 December 2017, the Company had net assets of $10,634,740 (30 June 2017: $13,095,130) a decrease of approximately 19% compared with 30 June 2017. This is largely attributable to the decrease in cash, the increase in other financial liabilities coupled with the loss for the six months to 31 December 2017.Business Strategies and Prospects for Future Financial YearsPrairie's strategy is to create long-term shareholder value by creating synergies and developing both Debiensko and Jan Karski in Poland.To date, the Group has not commenced production of any minerals. To achieve its objective, the Group currently has the following business strategies and prospects:Commence a focused in-fill drill ***program*** to increase JORC measured and indicated resources to support future feasibility studies for Debiensko;Deliver a re-engineered mine ***plan*** to ***produce*** a feasibility study to international standards with a focus on near term production at Debiensko;Continue to advance discussions with regional steel makers and coke ***producers*** for future coking coal sales and offtake at Debiensko;Formally lodge a Mining Concession application for Jan Karski in the coming weeks, subject to the Company being issued with Environmental Consent;Furthering discussions with a select group of Chinese financing institutions as China Coal nears completion of its Studies; andBased on the results of the Studies, enter into a complete EPC contract under which China Coal will construct the Jan Karski Mine.All of these activities are inherently risky and the Board is unable to provide certainty of the expected results of these activities, or that any or all of these likely activities will be achieved. The material business risks faced by the Group that could have an effect on the Group's future prospects, and how the Group manages these risks, include the following:The Company's activities will require further capital in future years As at 31 December 2017, the Company has cash in excess of $15 million which places it in an excellent position to conduct its current ***planned*** exploration and development activities at Debiensko and Jan Karski. However, the ability of the Company to finance capital investment in future years for the construction and future operation of the Company's projects is dependent, among other things, on the Company's ability to raise additional future funding either through equity or debt financing.Any failure to obtain sufficient financing in the future may result in delaying or indefinite postponement of any future construction of the projects or even a loss of property interest (in the future). The key items which the Company would require further funding in future years would be for the construction of the mines at each project. In this regard, and pursuant to the CD Capital investment agreement, CD Capital has a first right to invest a further $55 million in any future fund raise conducted by the Company, plus CD Capital will have the ability to inject a further $13 million through the exercise of $0.60 options ("CD Options") to be held in the Company.There is however no guarantee that CD Capital would take up this right in the future (or exercise the CD Options). There is also a risk that the Company's obligation to offer CD Capital a first right of refusal on any future fund raising could prejudice the Company's ability to raise funds from investors other than CD Capital. However, the Company considers that it would not be necessary to undertake such development actions until it has secured financing to do so and the timing for commencement of such actions would accordingly depend on the date that such financing is secured. If, in the unlikely event that future financing cannot be secured, the Group has the flexibility and ability to significantly reduce its ongoing expenditure.The Company has also signed a ***Strategic*** Co-operation Agreement with China Coal for the financing and construction of Jan Karski. Subsequent to the end of the half-year, China Coal and Prairie continue to advance towards completion the Studies, which will provide the basis for an EPC contract and finalising a term sheet with Chinese financing institutions for a construction funding package for Jan Karski.Furthermore, the Company's Board of Directors has a successful track record of fundraising for natural resources projects, including large scale coal projects, and has completed successful financing transactions with ***strategic*** partners, large institutional fund managers, off-take partners and traders and project finance lenders. There is however no guarantee that the then prevailing market conditions will allow for a future fundraising or that new investors will be prepared to subscribe for ordinary shares or at the price at which they are willing to do so in the future.Failure to obtain sufficient future financing may result in delaying or indefinite postponement of appraisal and any development of the Company's projects in the future, a loss of the Company's personnel and ultimately a loss of its interest in the projects. There can be no assurance that additional future capital or other types of financing will be available, if needed, or that, if available, the terms of such future financing will be favourable to the Company. If the Company obtains debt financing in the future, it will be exposed to the risk of leverage and its activities could become subject to restrictive loan and lease covenants and undertakings.If the Company obtains future equity financing other than on a pro rata basis to existing Shareholders, the future percentage ownership of the existing Shareholders may be reduced, Shareholders may then experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the Ordinary Shares. There can be no assurance that the Company would be successful in overcoming these risks in the future or any other problems encountered in connection with such financings.Risk of maintaining project concessions - The Company's mining exploration and development activities at Debiensko and Jan Karski are dependent upon the alteration of, or as the case may be, the maintenance of appropriate licences, concessions, leases, claims, permits and regulatory consents which may be withdrawn or made subject to limitations. The maintaining of concessions, obtaining renewals, or attaining concessions alterations, often depends on the Company being successful in obtaining required statutory approvals for its proposed activities and that the licences, concessions, leases, claims, permits or consents it holds will be renewed and altered as and when required. In this regard the Company has made an application to the Polish MoE, in December 2016, to amend the Debiensko Mining Concession (which is valid until 2058) to alter the commencement of production from 1 January 2018 to 2025.Not commencing production by January 2018 does not immediately infringe on the validity and expiry date of the current Mining Concession, however, the concession authority has the right to request the concession holder to reasonably remove any infringements related to non-conformance with the conditions of a Mining Concession and determine a reasonable date for removal of the infringements (under Polish law, the concession authority is required to provide a reasonable timeframe to remedy any non-compliance taking into account the nature of the non-conformance).Failure to remedy the infringements within any reasonable time frame prescribed by the concession authority may lead to commencement of proceedings to limit or withdraw a concession. A decision from the MoE on the Company's amendment application is currently pending following a change of the Polish Prime Minister in December 2017 and the appointment of a new Minister of Environment in January 2018. Under Poland's Geological and Mining Law, the MoE is required to view any application to modify a concession in the same manner as any initial application for a concession, in that the award of the concession is not in detriment to public interest (building a mine is considered to be in the best interest of the public), does not particularly breach any environmental laws (Karbonia was awarded with Environmental Consent prior to being granted a Mining Concession) and is not in breach of the spatial development ***plan*** (Karbonia was granted with spatial approval prior to the award of the Debiensko Mining Concession).On 1 July 2015, the Company announced that it had secured the Exclusive Right to apply for a Mining Concession for Jan Karski. As a result of its geological documentation for the Jan Karski deposit being approved, Prairie is currently the only entity that can lodge a Mining Concession application over Jan Karski within a three (3) year period up and until 2 April 2018. The approved geological documentation covers an area comprising of all four of the original Exploration Concessions granted to Prairie (K-4-5, K-6-7, K-8 and K-9) and includes the full extent of the targeted resources within the mine ***plan*** for Jan Karski. In this regard, no beneficial title interest was surrendered by the Company when the K-6-7 Exploration Concession expired in 2017.Under Polish mining law, and owing to the Exclusive Right the Company has secured, Prairie is currently the only entity that may apply for and be granted a Mining Concession with respect to the K-6-7 area (the Exclusive Right also applies to the K-4-5, K-8 and K-9 areas of Jan Karski). There is no requirement for the Company to hold an Exploration Concession in order exercise the Exclusive Right and apply for a Mining Concession. In addition, Prairie has the right to apply for and be granted, within 3 months of making an application, a mining usufruct agreement for an additional 12 month period that precludes any other parties being granted a licence over all or part of the Jan Karski concessions.Prairie applied for a mining usufruct agreement in December 2017 with the decision from the Polish MoE still pending. In the event that a mining usufruct agreement is not made available to the Company on acceptable terms or the Company does not enter in to a mining usufruct agreement for any other reason, other parties may be able to apply for a Mining Concession for all or part of the Jan Karski license area.If, however, in a scenario where the MoE does not grant the Company with a mining usufruct in the required timeframe, legal advice sought by Company outlines that the Group will be in a position to file a civil law claim against the Polish authorities which could overturn the authority's decision not to grant Prairie a mining usufruct. In any event, The Company intends to submit a Mining Concession application over the mine ***plan*** area at Jan Karski (which includes K-6-7), which is subject to the approval of the MoE, within the coming weeks subject to the Company being issued with Environmental Consent. There is no assurance that the Company will be issued Environmental Consent, however the Company believes that the Environmental Consent application, as submitted in October 2017 and supplemented in November 2017, was complete and complied with formal requirements of the relevant Polish environmental regulations. There is also no assurance that such applications (or renewals or alterations) of the concessions will be granted or that such applications, renewals, alterations, rights and title interests will not be revoked or significantly altered. If such applications, renewals or alterations of concessions applied for are not granted or are in fact revoked in the future, there is a risk that this may have a material adverse effect on the financial performance and operations at Jan Karski, Debiensko, the Company and on the value of the Company's securities.Risk of further challenges by Bogdanka Since April 2015, Lubelski Wegiel Bogdanka ("Bogdanka") has made a number of applications and appeals to the Polish MoE seeking a Mining Concession application over the Company's K-6-7 Exploration Concession and priority right (only one Exploration Concession which comprises of the Jan Karski Mine). All applications and appeals previously made by Bogdanka have been outright rejected. However, Bogdanka has made a further appeal to the Supreme Administrative Court (with no court hearing being scheduled to date). The Supreme Administrative Court has no authority to grant Bogdanka a Mining Concession but it may however cancel the MoE's previous rejection decision. If the Supreme Administrative Court does cancel the MoE decision, the MoE will be required to re-assess Bogdanka's Mining Concession application.These proceedings do not relate to the Prairie's valid and existing priority right to apply for a Mining Concession over the K-6-7 area. As discussed above Bogdanka has in the past raised several appeals challenging the Company's title to the Exploration Concessions comprising the Jan Karski Mine. There is therefore no guarantee that Bogdanka will not seek to file further appeals to future decisions taken by government departments in the course of the Jan Karski Mine development timeline.Operations conducted in an emerging market The Company's operations are located in Poland and will be exposed to related risks and uncertainties associated with this jurisdiction. Changes in mining or investment policies, laws or regulations (or the application thereof) or shifts in political attitude in Poland, in particular to mining, use of coal, and foreign ownership of coal projects may adversely affect the operation or profitability of the Company. The Company continues to consult with the various levels of Government but there can be no assurances that current or future political developments in Poland will not directly impact the Company's operations or its ability to attract funding for its operations. The Company also competes with many other companies in Poland, including companies with established mining operations. Some of these companies have greater financial resources and political influence than the Company and, as a result, may be in a better position to compete with or impede the Company's current or future activities.The Company may be adversely affected by fluctuations in coal prices and/or foreign exchange The price of coal fluctuates widely and is affected by numerous factors beyond the control of the Company. Coal prices are currently high compared to previous levels but there is no guarantee that prices will remain at this level in the future. Future production, if any, from the Company's mineral properties and its profitability will be dependent upon the price of coal being adequate to make these properties economic. Current and ***planned*** development activities are predominantly denominated in Euros and the Company's ability to fund these activates may be adversely affected if the Australian dollar continues to fall against the Euro. The Company currently does not engage in any hedging or derivative transactions to manage commodity price or foreign exchange risk. As the Company's operations change, this policy will be reviewed periodically going forward.

**Load-Date:** May 2, 2018

**End of Document**



[***How is Big Food using accelerators and incubators?***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RSD-JFB1-JDNW-44JN-00000-00&context=1516831)

just-food global news

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**Length:** 2455 words

**Byline:** Simon Creasey

**Body**

As the food majors of North America and Europe broadly struggle to rejuvenate sales in the face of changing consumer habits, company strategists are looking at a range of ways to kick-start their sales. Some have turned to accelerators and incubators to, one, support fledgling businesses and, two, try to tap into the new trends shaping the industry - and how to innovate to meet them. Simon Creasey reports.

The stakes are high and the pressure to innovate to try to drive top-line growth has never been more intense.

However, bringing innovative products to market is one of the biggest challenges global food groups face. It is a costly process and there are no guarantees the innovation will pass muster with consumers, which is why many food manufacturers merely end up launching variants of existing products.

A report published by UK-based retail and manufacturing consultancy Newton earlier this year underlined the scale of the problem. It claimed retailers and manufacturers are "wasting more than GBP2.7bn a year developing new products that either fail to take off with shoppers or that end up costing more to ***produce***, wiping out any potential profit". However, the report found 62% of consumers like products to evolve "offering developments like different flavours and new packaging".

The cost of failure is why, in recent years, food groups have launched accelerator and incubator ***programmes*** targeted at food and drink start-ups. The established food manufacturers want to tap into the zeitgeist of new product development, build relationships with challenger brands and potentially even acquire the companies behind these products.

So who is doing what in the food incubator/accelerator space at the moment, how do these different models work and how successful have these food incubators and accelerators been to-date?

Accelerators and incubators are not the exact same thing. There are some subtle differences. Although both offer support and guidance to start-ups, accelerators are typically targeted at existing companies that have an idea and a business model already in place but which need help to propel their business forward. Incubators are typically targeted at companies at a very early stage. The founder(s) might have an idea for a product but they do not know how to deliver it to market.

Land O' Lakes, the US agri-food group, introduced a "dairy accelerator" in May 2017. The company is a cooperative and when Mike Rakes, its marketing manager for innovation and new business development, sets out the reasons for the development of the accelerator, there is a sense the co-op wanted to see collective benefits from its establishment. Rakes says Land O'Lakes set up the accelerator to "grow the overall category" and "create an eco-system of knowledge sharing and learning, as well as a community of unique and forward thinking dairy companies".

He likens the accelerator ***programme*** to a "miniature MBA ***programme*** that covers all of the necessary elements to successfully grow a food company and equips them to take their company to the next level". Participants receive an "equity-free" stipend of US$25,000 to cover the cost of travel to participate in the ***programme***. "Land O'Lakes takes no equity stake in any of the participants," Rakes clarifies.

Rakes says Land O'Lakes intends to host another accelerator in 2018 with the application process kicking off this spring.

In Europe, Ebro Foods is another food major launching an accelerator ***programme*** this year. As part of Ebro's corporate social responsibility (CSR) action ***plan***, the Spain-based manufacturer is sponsoring the 2018 food accelerator ***programme*** run by Food Evolutions - an accelerator hub for the Spanish food tech sector.

The ***programme*** is free for start-ups and no equity is requested in return for joining the accelerator, according to Pedro Alv&aacute;rez, CEO of Ivoro and managing partner of food evolutions.

"Ebro is on board purely as [part of] a CSR strategy," says Alv&aacute;rez. "No investment has been done [by Ebro] whatsoever in any of the start-ups. Maybe after the acceleration they will consider investing in some of them."

For the time being, however, investment is not the intention of Ebro's support of the hub, according to a spokesperson for the rice-to-pasta giant. The spokesperson asserts Ebro's CSR ***programme*** focuses on the wellbeing and socio-economic development of the local communities directly related to its business activities.

"In this regard, Ebro Foods works in different areas: the donation of food, sustainable ***agriculture***, welfare ***programmes*** in food and nutrition and education and entrepreneurship," the spokesperson explains. "This area [entrepreneurship] comprises four activities: scholarships, research projects, educational ***programmes*** and entrepreneurships and job promotion initiatives. We decided to be the sponsor of the acceleration ***programme*** as part of this commitment to entrepreneurship."

Similar factors were behind Nestle's decision to enter into a partnership with Rabobank and US technology campus RocketSpace as part of the Terra Food + Agtech Accelerator ***programme***.

On announcing the news in June, Rui Barbas, the chief strategy officer of Nestle's US arm, explained: "We're experiencing a seismic shift in the food industry, and our partnership with Terra by Rabobank and RocketSpace is just one way in which Nestle can play a leading role in meeting quickly evolving consumer expectations and explore new disruptive technologies and business models."

According to a Nestle spokesperson contacted for this article, Terra "immerses participants in the innovation process, helps guide their products' evolution and provides real-time feedback throughout pilot testing".

As for why Nestle opted for an accelerator over an incubator, the spokesperson says the company looked at which opportunities made the most ***strategic*** sense "agnostic of model".

"Terra enabled us to work with start-ups at various stages of maturity and provided us the ability to custom design the engagement and pilots with the start-ups that meet both the needs for Nestle USA and the start-up," explains the spokesperson. "This model was very appealing as it isn't a one-size-fits all approach as every start-up has its own unique opportunities."

Nestle declined to divulge the size of its investment in the accelerator ***programme*** although the spokesperson confirmed the company "does not retain an ownership position or equity stake" in any of the start-ups involved in the accelerator.

"We see this as an opportunity to work together with these start-ups, and get to know the founders on a deeper level," adds the spokesperson. "We're looking for teams and companies that have shared values and a commitment to nutrition, health and wellness. We see a lot of benefit in 'dating' before getting married. In all seriousness, this approach facilitates relationship building, and allows us to work together. We see benefit in evaluating proof of concept, and a test-and-learn approach."

The accelerator ***programme***, which lasts for six months, is working with the second cohort of start-ups and it will begin looking for a third cohort of food start-ups in March.

According to Manuel Gonzalez, the global head of food and ***agriculture*** innovation at Rabobank, the ***programme*** has already been a success. "Terra is an 'accscalerator' not an accelerator," Gonzalez insists. "It's all about scaling."

He says before launching an accelerator ***programme*** Terra talks to corporate partners like Nestle about their business strategy so it can bring start-ups into the ***programme*** that meet a business' individual needs.

"The outcome of the [Terra accelerator] pilot [from the corporate's [perspective] is completely flexible," explains Gonzalez. "The only thing you're committing to is to having the pilot. The outcome might lead to an acquisition, it might lead to an investment, it might lead to a supply contract or it might lead to some other kind of partnership." Nestle told just-food in June it would be "open" to acquiring stakes in start-ups that join the accelerator ***programme***.

PepsiCo, meanwhile, has chosen the food incubator model. The snacks behemoth launched its Nutrition Greenhouse in Europe in April 2017, inviting businesses with sales of less than EUR2m to apply to join the ***programme***.

From these applications, the company selected seven food businesses and one drinks group, all focused on "health and wellness" and who all received a EUR25,000 grant, as well as entry into the six-month incubator ***programme***, which saw PepsiCo executives provide advice on how the individual businesses could address specific market challenges.

"Consumer demand for more nutritious foods and beverages continues to rise and this is an exciting space for our industry," says Juan Ignacio Amat, vice-president for nutrition for PepsiCo in western Europe and sub-Saharan Africa, who leads the ***programme***. "We recognised that we had a tremendous opportunity to use our global scale and resources to influence positive change and help nurture some of the best and brightest entrepreneurs in the food and beverage sector."

Amat says all of the companies that joined the ***programme*** have enjoyed strong growth, with retail sales across the eight start-ups increasing by EUR10.7m. One of the businesses in the food incubator was UK firm Erbology, which creates nutrient-rich, plant-based products such as oils, shots, crackers and energy balls. During the six-month ***programme***, Erbology achieved growth of 400%, according to Amat, which is why PepsiCo gave the company an additional EUR100,000 grant to help the fledgling business grow its retail and e-commerce offer.

The deal means PepsiCo could end up investing in the firm. "In accepting the EUR100,000 grant, Erbology agreed to grant PepsiCo exclusive rights for a period of six months to make an equity investment on mutually agreed terms," says Amat.

Erbology co-founder Irina Turcan says she saw the Nutrition Greenhouse as an opportunity to learn from PepsiCo about sales and marketing new products.

"Each company had a mentor assigned and it was up to us how we wanted to build that relationship," says Turcan. "We caught up with our mentor on a weekly basis. She is incredibly creative and has got a lot of experience in product launch strategy. And besides providing guidance and giving insight, she also connected us to other people at PepsiCo in areas such as digital marketing and PR."

Another company that says it benefited from the ***programme*** was Fit Kitchen, a UK firm making low-calorie, high-protein ready meals. Phil Pinnell, Fit Kitchen co-founder, says the company was already going through a "big listing process and scaling up manufacturing" when it heard about the incubator.

"I thought it would help us with our expansion," says Pinnell. "As a small business there can sometimes be some fear about getting involved with a big brand like PepsiCo, but the idea of tapping into the support network of a big multinational is what attracted me to the ***programme***."

Pinnell says Fit Kitchen used PepsiCo's EUR25,000 grant to fund an NPD project and he expects his business will start "to see the financial benefits of taking part [in the incubator] within 12 months of the end of the scheme". He sees food incubators as a win-win for all parties.

"Later-stage M&A can be really expensive and in certain categories we're seeing increasingly fragmented consumer choices, but doing fairly low-cost, highly-responsive product development isn't what those [large food] businesses have historically done," says Pinnell. "Call me naive, but I think the reason they [PepsiCo] did this is a genuine desire to create more value in the supply chain by working together."

Another food company to set up an incubator is US-based yogurt maker Chobani, which, although only itself set up in 2005, is, due to its rapid growth and success, ranked among the largest players in the country's dairy sector.

The company launched the 'Chobani Incubator' in 2016, a ***programme*** created to support food entrepreneurs "aiming to challenge the food industry, improve broken systems and bring better food to more people," explains its director Jackie Miller.

Although it is an incubator in name, Miller says technically speaking the ***programme*** also features some aspects more closely associated with accelerators.

"While incubators are typically for the earlier stage startups, we're pretty broad in our definition of early stage," Miller says. "Some of the companies we work with already have significant traction &ndash; distribution in hundreds or even over a thousand doors and hundreds of thousands or $1m+ in annual revenue run-rate. The ***programme*** is not for ideation stage companies since we look for start-ups who can immediately put Chobani's advice into action - i.e. are already manufacturing and selling."

Chobani's incubator operates what Miller describes as an "equity-free model". Participants receive grants of $25,000 with "no strings attached" and they also receive a dedicated space in Chobani's New York offices with all travel and hotel expenses covered.

"The incubator aims to help them [the start-ups] reach more people by tapping into the lessons that Chobani has gleaned during our ten years in business," says Miller. "The ***programme*** gives growing food and beverage companies access to Chobani's network and expertise in order to scale up their operations and achieve significant growth."

To date, the incubator has been attracted start-ups. In the first year, 450 companies applied for six places and last year the number of applicants for the food incubator rose to 550 &ndash; the deadline for applications for the 2018 ***programme*** closed last week [30 January]. Miller adds the results of the food incubator have been impressive to-date, with the inaugural 'class' of businesses more than doubling their revenue. In addition, their distribution levels grew by 280%.

"The incubator is going to begin having two cohorts per calendar year and focus on expanding and adding value through the alumni network, as well as increasing exposure around the ***programme*** as a gathering place for those who want to transform the food system," says Miller.

After decades of solid, consistent growth, over the last few years a growing number of food groups in North America and Europe have struggled to grow their top lines, thanks to a combination of different factors, such as changing consumer eating habits.

But by building relationships with entrepreneurs and the food start-ups of the future, the established market leaders are hoping they can identify emerging product trends and potentially fast track innovation without splashing out millions of pounds on new product development that fails to take off.

**Load-Date:** March 2, 2018

**End of Document**



[***Register of Commission documents: Written answer : Bad weather and drought in Italy: farm produce threatened; activation of extraordinary support measures for farmers Document date: 2017-08-16 P8\_RE(2017)003991 Answers to written questions***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PNP-7S31-F0YC-N140-00000-00&context=1516831)

Impact News Service

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**Body**

Brussels: Public Register European Parliament has issued the following document:

(English version) Question for written answer E-003991/17 to the Commission Mara Bizzotto (ENF) (15 June 2017) Subject: Bad weather and drought in Italy: farm ***produce*** threatened; activation of extraordinary support measures for farmers Ever since the start of 2017, Italy has been hit in rapid succession by cloudbursts, frosts, hailstorms and dry spells, which have caused enormous crop damage, especially in vineyards and orchards and to vegetables, cereals and forage crops. Italian farmers associations put total damages at around one billion euro. Farmers and breeders in some regions, such as for instance Emilia-Romagna and Veneto, are having to cope with water shortages caused by a prolonged period of drought, in addition to losses caused by bad weather. Veneto is also one of the regions most hit by the bad weather that has seriously damaged cereal and vegetable crops and numerous vineyards.

In Vicenza and Padua Province, it is estimated that come grape harvest time, losses could reach 70-80%, even, in some cases, 100%, for some wine varieties. Farming is an essential sector of the Italian economy. This emergency situation could damage the economy of whole regions, and jeopardise what is the main source of income for thousands of Italian families. Is the Commission ***planning*** urgent measures therefore in support of farmers in Veneto and Italy who have been hit first by bad weather and then by drought? Commissioner Hogan has said that funds from the Juncker ***Plan*** can be used for projects to provide a greater quantity of better quality water, as well as for other investments in the farm sector. Is this so? Answer given by Mr Hogan on behalf of the Commission (16 August 2017) The Commission is aware of the weather-related problems that have been affecting Italy and other parts of Southern Europe in 2017, with repercussions on ***agricultural*** production. Since these weather-related problems are broadly periodic in nature, and may in future increase, whereas the exceptional measures provided for in the common market Organisation regulation are designed to deal with specific problems in cases of emergency, State aid and Rural Development schemes are better suited to address them. A risk management toolkit is available under Rural Development (1) and can be ***programmed*** by Member States in their Rural Development ***Programmes*** (RDP) to support farmers affected by severe economic losses caused, among others, by adverse climatic events. This includes (2): (1) financial contributions to premiums for crop, animal and plant insurance, (2) financial contribution to mutual funds to pay financial compensation to affected farmers, and (3) an income stabilisation tool, in the form of financial contributions to mutual funds, providing compensation to farmers for a severe drop in their income. Investments for improving resilience (preventive actions) or for restoring ***agricultural*** production potential damaged by adverse climatic events may also be included in RDPs (3). In Italy, the risk management toolkit has been ***programmed*** nationally and the restoration measure is available in the ***programmes*** of the affected regions. The European Fund for ***Strategic*** Investments (EFSI) can finance ***agricultural*** investments with high economic added value, including financially viable water management projects, also in cases of higher financial risk, and several ***agricultural*** projects have already been approved. ⋅1∙ Second pillar of the CAP: Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European ***Agricultural*** Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005, OJ L 347, 20.12.2013 ⋅2∙ Article 36 of Regulation (EU) No 1305/2013, OJ L 347, 20.12.2013 ⋅3∙ Article 18 of Regulation (EU) No 1305/2013, OJ L 347, 20.12.2013 |( |( |( |) |) |)

**Load-Date:** October 9, 2017

**End of Document**



[***Register of Commission documents: Horizon 2020 Document date: 2017-10-03 EPRS\_BRI(2017)608727 Briefing***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R2T-0481-JDG9-Y1WB-00000-00&context=1516831)

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**Body**

Brussels: Public Register European Parliament has issued the following document:

Briefing How the EU budget is spent October 2017 EPRS | European Parliamentary Research Service Author: Ana Claudia Alfieri Members' Research Service PE 608.727 EN Horizon 2020 In a nutshell Horizon 2020 – the Framework ***Programme*** for Research and Innovation (2014-2020) – is the main instrument financing research and innovation in the European Union and the successor to seven previous Framework ***Programmes***. It is an ambitious, flexible ***programme***, unique in the world in terms of budget, duration, budgetary stability and scope. Since 2014 it has supported more than 13 000 projects in more than 130 participating countries and helped to respond to urgent societal challenges, such as the Ebola crisis. EU's multiannual financial framework (MFF) heading and policy area Heading 1 – Smart and Inclusive Growth Subheading 1a – Competitiveness for growth and jobs 2014-2020 financial envelope (in current prices and as % of total MFF) Commitments: €79 401.83 million (7.33 %) 2016 budget (in current prices and as % of total EU budget) Commitments: €9 539.43 million (6.14 %) Payments: €10 069.14 million (7.37 %) 2017 budget (in current prices and as % of total EU budget) Commitments: €10 345.93 million (6.53 %) Payments: €10 196.30 million (7.58 %) Methods of implementation Direct management (European Commission) and indirect management (implementing bodies). In this briefing:  EU role in the policy area: legal basis  The financial allocation of Horizon 2020  Objectives of the ***programme***  Funded actions  Assessment of Horizon 2020  Other EU ***programmes*** and actions in the same field EPRS Horizon 2020 Members' Research Service Page 2 of 8 EU role in the policy area: legal basis Title XIX of the Treaty on the Functioning of the European Union (TFEU) is devoted to Research and Technological Development and Space.

Article 179 declares that 'The Union shall have the objective of strengthening its scientific and technological bases by achieving a European research area ... and encouraging it to become more competitive', while Article 181 is the basis for the coordination of national and European Union policies to ensure they are consistent. Article 182 describes the procedure for adopting the legislative acts. The European Parliament and the Council, using the ordinary legislative procedure and after consulting the Economic and Social Committee, adopt a multiannual framework ***programme*** that sets out all related activities, establishes the scientific and technological objectives, indicates the broad lines of the activities and fix the overall amount and the rules for the Union's financial participation. The Council, for its part, adopts the specific ***programmes*** by means of a special legislative procedure after consulting the European Parliament and the Economic and Social Committee. The specific ***programme*** will describe the specific objectives and the detailed rules for implementing the framework ***programme***, fix its duration and provide for the means deemed necessary. On the basis of this last article, Regulation (EU) No 1291/2013 (Horizon 2020 regulation) established Horizon 2020 – the Framework ***Programme*** for Research and Innovation (2014-2020), while Council Decision 2013/743/EU established the specific ***programme***. Finally, in accordance with Article 183, Regulation (EU) No 1290/2013 laid down the rules for participation and dissemination. The financial allocation of Horizon 2020 The original envelope for Horizon 2020 proposed by the European Commission (EC) in 2011 was €87 740 million, of which €86 198 million was to be allocated to activities under Title XIX TFEU and €1 542 million would be an initial allocation to the European Institute of Innovation and Technology (EIT).1 During the negotiations of the 2014-2020 MFF, this envelope was modified, so the final decision – reflected in Article 6(1) of Regulation (EU) No 1291/2013 – set the financial envelope at €77 028.3 million, of which €74 316.9 million was allocated to Title XIX TFEU activities and €2 711.4 million to the EIT. The specific flexibility to strengthen research included in Article 15 of the MFF Regulation enabled €200 million to be frontloaded to Horizon 2020 for the 2014 to 2015 period.2 Regulation (EU) No 1017/2015, which established the European Fund for ***Strategic*** Investments (EFSI), amended the Horizon 2020 Regulation and transferred €2 200 million from its envelope to finance a new EU guarantee fund to cover the European Investment Bank's risks in EFSI operations. The final financial envelope of Horizon 2020 was thus reduced to €74 828.3 million (€72 444.3 million for TFEU activities and €2 383 million for the EIT).3 In the Mid-term review/revision of the multiannual financial framework 2014-2020, and owing to the strong take-up of the ***programme***, the Commission proposed to reinforce it by €400 million for the 2017 to 2020 period. The European Parliament and the Council agreed in a joint statement to lower this amount to €200 million. EPRS Horizon 2020 Members' Research Service Page 3 of 8 Objectives of the ***programme*** The general objective of Horizon 2020 is to help to build a society and an economy based on knowledge and innovation, to provide funding for research, development and innovation, and to contribute towards the target of spending 3 % of EU gross domestic product (GDP) on research and development, as set out in the Europe 2020 strategy. Horizon 2020 is the main financing arm of the Europe 2020 strategy and the European Research Area (ERA). The ***programme*** has three main priorities, each with a set of specific objectives. There are also two independent specific objectives. The whole schema can be seen in Table 1. Figure 1 – Financial allocation of Horizon 2020, 2014-2020, in € millions. Data Source: Regulation (EU) No 1017/2015. Box 1 – The European Parliament's position The EP's priorities for Horizon 2020 are:  increased participation for small and medium sized enterprises (SMEs) in Horizon 2020, with a dedicated budget for the SME instrument;  the Fast Track to Innovation scheme (FTI);  Horizon 2020's contribution to the European Research Area (ERA) in terms of 'researcher careers and researcher mobility';  a guaranteed budget allocation for the 'Spreading excellence and widening participation' (SEWP) and the 'Science with and for society' (SwafS) ***programmes***, as well as for einfrastructure and for achieving EU climate and energy goals;  for 85 % of the 'Energy Challenge' budget to be earmarked for non-fossil fuel energy research;  the transparency and openness of public-private partnerships (PPPs) and the European Institute of Technology (EIT);  synergies between Future and Emerging Technologies (FET) and other parts of Horizon 2020.  open access (OA) to scientific publications and research data;  gender balance;  balance between small, medium and large projects; and  synergies between Horizon 2020 and cohesion policy. Source: Scrutiny on Horizon 2020 focusing on the European Parliament's priorities, Policy Department for Economic and Scientific Policy, European Parliament, 2016. EPRS Horizon 2020 Members' Research Service Page 4 of 8 The 'Excellent science' priority aims to help individual researchers and teams work in exchange and career opportunities for researchers, and develop excellent research infrastructures with the objectives of reinforcing the EU science base, consolidating the ERA and making Europe's research and innovation system more competitive globally. The 'Industrial leadership' priority aims to support the development of new technologies and innovations that will enable the companies of the future, facilitate access to venture capital, and help innovative small and mediumsized enterprises (SMEs) become world-leading enterprises. The 'Societal challenges' priority targets the policy priorities and societal challenges of the Europe 2020 strategy. It supports research and innovation in those areas that will become critical in the near future or will strongly affect the lives of EU's citizens. The Joint Research Centre (JRC), which is the European Commission's science and knowledge service, and the European Institute of Innovation and Technology (EIT) meanwhile also contribute to the general objective and the priorities, the first by providing independent scientific and technical advice to support EU policy and the second by completing the 'knowledge triangle' of higher education, research and innovation by means of knowledge and innovation communities (KICs). Funded actions Horizon 2020 allocates the available funds through three consecutive work ***programmes***, the first for the years 2014 to 2015, the second for 2016 to 2017 and the third for 2018 to 2020. It has allocated €28 535.7 million to date and supported 13 643 different projects in 44 coordinating countries and more than 130 participating countries. More than 70 % of the funding goes to the 'Excellent science' and the 'Societal challenges' pillars.4 Table 1 – Priorities and specific objectives of Horizon 2020 European Research Council (ERC) Future and emerging technologies (FET) Marie Skłodowska-Curie actions Research infrastructures 'Industrial leadership' priority Leadership in enabling and industrial technologies Access to risk finance Innovation in SMEs 'Societal challenges' priority Health, demographic change and well-being; Food security, sustainable ***agriculture*** and forestry, marine, maritime and inland water research, and the bio economy. Secure, clean and efficient energy Smart, green and integrated transport Climate action, environment, resource efficiency and raw materials Europe in a changing world – Inclusive, innovative and reflective societies Secure societies – Protecting freedom and security of Europe and its citizens. Other specific objectives Spreading excellence and widening participation Science with and for society Other activities Non-nuclear direct actions of the Joint Research Centre (JRC) European Institute of Innovation and Technology (EIT) Source: Regulation (EU) 1291/2013. 'Excellent science' priority subjects at the frontier of science and on new high-risk ideas, improve training, and EPRS Horizon 2020 Members' Research Service Page 5 of 8 Box 2 – Examples of projects supported by Horizon 2020 The iMETland project aims to ***produce*** a device to treat urban wastewater from small communities without using any energy and without ***producing*** contaminated residuals. The project integrates microbial electrochemical technologies (METs) with biofilters and uses a combination of electricity-***producing*** bacteria and a new electro-conductive material to obtain clean water that can be used for irrigation with almost no waste products. The scientists are experimenting with different bacteria and different materials and they estimate that depuration rates will be 10 times higher than when using conventional techniques. The project is coordinated by Fundación Imdea Agua of Spain and other participating countries are Argentina, Belgium, Denmark, Mexico and the United Kingdom (UK). Its total cost will be €3 461 622 with an EU contribution of €2 924 810 and it is scheduled to run from September 2015 to August 2018. Children Born of War – Past, Present and Future is a project conducted by young researchers and supported by a scheme under the Marie Skłodowska-Curie ***programme*** that aims to promote a new generation of researchers. It studies the lives of children born during wars and their mothers. The project will study systematically the experiences of children born in several 20th century conflicts to improve understanding of their situation and propose policies to help them. The University of Birmingham (UK) is coordinating the project and the other participants include universities and research centres in Czech Republic, Germany, France, Latvia, Lithuania, the Netherlands, Austria and Poland. The total cost will be €3 729 290, financed entirely by Horizon 2020. The project timeframe is from March 2015 to February 2019. AtlantOS (Optimising and Enhancing the Integrated Atlantic Ocean Observing Systems) is a project that will coordinate all existing Atlantic Ocean observing activities in order to achieve an integrated and efficient observing system for the Atlantic. It will fill existing observing gaps and will ensure that data are readily accessible and useable, with a particular view to increasing the competitiveness of SMEs in the marine sector. It will also contribute to GOOS, the Global Ocean Observing System. The project is coordinated by the Helmholtz Centre for Ocean Research of Kiel (Germany) and there are 62 participant institutions from Belgium, Brazil, Canada, Denmark, Spain, the Faroe Islands, France, Croatia, Ireland, Italy, the Netherlands, Norway, Poland, Portugal, South Africa, the United Kingdom (UK) and the United States (USA). Horizon 2020 finances the total cost of the project, equal to €20 652 921. It started in April 2015 and will run until June 2019. SponGES is a project that will study the ecosystem of sponge grounds – one of the most diverse and vulnerable marine ecosystems of the deep-sea – in the North Atlantic in order to preserve and use them in a sustainable way. Sponge grounds have until now received very little research and conservation attention, so the project will map and describe the North Atlantic deep-sea sponge grounds and their evolution. It will also study the potential of sponge grounds for biotechnology and develop a ***plan*** for their conservation and management. The University of Bergen in Norway is coordinating the project and universities, marine institutes and other research institutions from Canada, Spain, Germany, Italy, the Netherlands, Portugal, Sweden, the UK and the USA are also participating. The total cost of the project is €10 225 865 and the EU contribution is €9 994 302. The project is scheduled to run from March 2013 to February 2020. Assessment of Horizon 2020 Horizon 2020 is the successor to seven previous Framework ***Programmes*** (FPs) for research and technological development. It is the first FP to have a name, which signals a break with the previous FPs in several senses: it aims to support all actors and activities of the innovation process by merging various previous ***programmes***, while streamlining the overall structure and simplifying the application process. An overview of the various evaluations of developments and the results of the first two and a half years follows. EPRS Horizon 2020 Members' Research Service Page 6 of 8 European Commission interim evaluation In May 2017 the European Commission published a very comprehensive interim evaluation, covering the first three years of the ***programme***. While it is still too early to have a complete picture of the results, the Commission evaluated Horizon 2020 according to five criteria: relevance, efficiency, effectiveness, coherence and EU value added. Effectiveness is in turn measured in terms of scientific impact, innovation and economic impact and societal impact. The conclusions are the following: Relevance Horizon 2020's objectives, such as that of securing a 3% share of the EU's GDP for research and development, remain valid and the ***programme*** is very attractive to stakeholders, as shown by the increased number of applications compared with the 7th Framework ***Programme*** (FP7). It also responds with great flexibility to emerging needs (such as the Ebola and migration emergencies), technology advances and new political priorities. Efficiency New management modes, the simplification and harmonised implementation of the rules and lower administrative costs combine to make the ***programme*** more efficient than its predecessor. However, there is significant oversubscription (only 11.6% of proposals win funding) resulting in the rejection of many high-quality projects, which could have been avoided with an additional €62.4 billion. There is room for improvement in the evaluation feedback and international cooperation could be strengthened. Effectiveness  Scientific impact. Horizon 2020 supports about 340 000 researchers, boosting national and pan-European research infrastructures, ***producing*** high-quality scientific knowledge, and forming more scientific collaboration networks; but progress in spreading excellence and making publications and data openly accessible is slow.  Innovation and economic impact. Compared with previous ***programmes***, there is higher private sector and SME involvement. Other benefits include the creation of networks, access to risk finance for firms, especially SMEs, the generation of high quality, commercially valuable patents, and other intellectual property rights. By supporting prototypes, testing activities and clinical trials there are more market innovations. Every euro invested under Horizon 2020 brings an estimated increase in GDP of €6 to €8.5 (€400 to €600 billion by 2030). The challenge is to address barriers to innovation that hinder full market uptake.  Societal impacts. Most Horizon 2020 projects are expected to have cross-cutting societal impacts and progress on the 'Societal challenges' pillar is in line with objectives. However, expenditure on sustainable development and climate action is below the targets and there is a need to be clearer on the contribution of research and innovation to solving societal challenges with regard to stakeholders. Coherence The internal coherence of Horizon 2020 is greater than in FP7, thanks in part to its threepillar structure. Its coherence with international obligations is also strong. However, synergies between Horizon 2020 and other EU instruments, such as the Structural Funds, and between Horizon 2020 and national policies could be improved. EU value added The additionality of Horizon 2020 is clear, compared with national and regional support; it makes the EU a more attractive place for research and innovation thanks to the EPRS Horizon 2020 Members' Research Service Page 7 of 8 continental scale of competitions. The creation of transnational, multidisciplinary networks and the pooling of capacities, meanwhile, make it easier to act at global level. European Parliament studies An external analysis carried out for the Policy Department for Economic and Scientific Policy at the request of Parliament's Committee on Industry, Research and Energy (ITRE) focuses on the implementation of Parliament's key priorities in Horizon 2020 and concludes that they are generally well addressed, but identifies some bottlenecks and makes a list of recommendations to overcome them. Another external study, this time completed for the Policy Department for Budgetary Affairs and requested by the Parliament's Committee on Budgets (BUDG) evaluates the first two years of the ***programme*** and finds that oversubscription, underfinancing and a rising budget backlog are the main risks of the ***programme***. As the ***programme*** has a high EU added value, it recommends considering the possibility of additional funding. A European implementation assessment (EIA) conducted by the Ex-Post Impact Assessment Unit of the European Parliamentary Research Service (EPRS) includes external analyses that evaluate the three main priorities of Horizon 2020 (Excellent science, Industrial leadership and Societal challenges) from two different perspectives: a research and industry perspective and an economic and financial perspective. Its conclusions are that even if the ***programme*** has been fairly successful as regards its priorities, some challenges remain vis-à-vis concentration of funding, gender equality, oversubscription and evaluation. Assessment of the European Court of Auditors (ECA) The ECA's 2015 annual report focuses on performance management systems for Horizon 2020 and the link between Europe 2020 and Horizon 2020. On the positive side, the auditors find that there are real improvements on previous FPs, on account in particular of the simpler funding rules and reduced red tape, but they criticise inter alia the fact that the type of participant targeted (SMEs and new entrants) is more likely to make errors in its cost calculations and that the main measuring indicators of Horizon 2020 are not especially useful in assessing the contribution of the ***programme*** to Europe 2020. The auditors also consider that the Commission should do more to map the three overlapping sets of political priorities for Horizon 2020: the Europe 2020 strategy, the 2014 to 2020 MFF and the Commission priorities for 2015 to 2019. Finally, they see a lack of complementarity between national and European research ***programmes*** in some countries (such as Bulgaria and Portugal) and some weaknesses (such as unambitious targets or the absence of baselines) in the performance indicators. These weaknesses limit the Commission's ability to monitor and report on the performance of Horizon 2020. Other EU ***programmes*** and actions in the same field EGNOS (the European Geostationary Navigation Overlay Service) and Galileo (the European Union's Global Satellite Navigation System (GNSS)) are the two European satellite navigation systems; both are under civilian control. Together they have a financial envelope of €7.0 billion for 2014 to 2020.5 Copernicus, the European Earth Observation ***Programme***, finances the development of free, open and accessible information services based on satellite earth observation and ground-based, airborne and seaborne measurement systems. It has a financial envelope of €4.3 billion for 2014 to 2020.6 EPRS Horizon 2020 Members' Research Service Page 8 of 8 ITER, the International Thermonuclear Experimental Reactor is an international research project on the feasibility of fusion energy. The EU contributes about a half of its costs, while the other partner countries (China, India, Japan, South Korea, Russia and the USA) cover the rest. The EU budget financial envelope for 2014 to 2020 is €3 billion. COSME is the EU ***programme*** for the Competitiveness of Enterprises and Small and Medium-Sized Enterprises. Managed by the European Commission and the Executive Agency for Small and Medium-Sized Enterprises (EASME), its financial envelope for 2014 to 2020 is €2.3 billion.7 Main references Council Decision (2013/743/EU) of 3 December 2013 establishing the specific ***programme*** implementing Horizon 2020 – the Framework ***Programme*** for Research and Innovation (2014- 2020) and repealing Decisions 2006/971/EC, 2006/972/EC, 2006/973/EC, 2006/974/EC and 2006/975/EC. Regulation (EU) No 1291/2013 of the European Parliament and of the Council of 11 December 2013 establishing Horizon 2020 – the Framework ***Programme*** for Research and Innovation (2014- 2020) and repealing Decision No 1982/2006/EC. Reillon V., Horizon 2020 budget and implementation – A guide to the structure of the ***programme***, in-depth analysis, EPRS, European Parliament, November 2015. Endnotes 1 The proposal ***planned*** a second allocation of €1 652 million for the EIT after the first revision of the ***programme***. This amount was to be provided on a pro-rata basis, from the amount for the specific objective 'Leadership in enabling and industrial technologies' and from the amount for the priority on societal challenges. 2 See the Joint Declaration on Article 15 for the distribution of the total amount. 3 For an in-depth analysis of the budget structure of Horizon 2020 and its implementation see Vincent Reillon (2015). 4 EU Open Data Portal, CORDIS – EU research projects under Horizon 2020 (2014-2020). Data downloaded 18 August 2017. 5 On both ***programmes***, see Vincent Reillon, Galileo: overcoming obstacles, history of EU global navigation satellite systems, EPRS, European Parliament, April 2017. 6 See Vincent Reillon, Securing the Copernicus ***programme***, why EU earth observation matters, EPRS, European Parliament, April 2017. 7 See Martin Svášek, Competitiveness of Enterprises and SMEs (COSME), EPRS, European Parliament, June 2016. 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EN EN EUROPEAN COMMISSION Strasbourg, 24.10.2017 SWD(2017) 349 final PART 1/2 COMMISSION STAFF WORKING DOCUMENT Accompanying the document COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN INVESMENT BANK A stronger and renewed ***strategic*** partnership with the EU's outermost regions {COM(2017) 623 final} 2 CONTENTS 1. Introduction ......................................................................................................................................... 3 2. European Union and the outermost regions: a long lasting partnership .............................................. 3 3. Socioeconomic trends in the outermost regions .................................................................................. 6 4. Assessment of the European strategy for the outermost regions ....................................................... 10 4.1 Accessibility to the single market ............................................................................................. 10 4.2 Increasing competitiveness through modernisation and diversification of economies ............. 16 4.3 Strengthening the regional integration ...................................................................................... 36 4.4 Fostering employment, education and social Inclusion ............................................................ 39 4.5 Mainstreaming climate change and protecting the environment ............................................... 44 4.6 Taxation and State aid ................................................................................................................ 48 5. Conclusion ......................................................................................................................................... 50 List of acronyms and abbreviations ....................................................................................................... 51 Annex I — Geographical location of the outermost regions: lands of Europe in the World ................ 52 Annex II — European Union funding in the outermost regions ........................................................... 53 3 1. Introduction The outermost regions are an integral part of the European Union. Under Article 355 of the Treaty on the Functioning of the European Union (TFEU), these regions are governed by the Treaties. However, the outermost regions are remote from continental Europe and located in a different geographic, climatic, socioeconomic and political environment1. Article 349 TFEU recognises their particular situation and gives the outermost regions a unique status which distinguishes them from any other region in the EU and from the overseas countries and territories (OCT) that are associated to the EU.

In the Commission’s Communication2 of 2012, the EU set out a strategy for the outermost regions, in line with the Europe 2020 strategy3. It proposed a range of measures to help the outermost regions to build on their assets in order to create a stronger and self-reliant economy, promote social development and create sustainable jobs. The 2012 Communication also invited the outermost regions to draw individual action ***plans*** to promote a smart, sustainable and inclusive growth in their territory. These action ***plans*** have largely inspired the 2014 - 2020 European Regional and Development Fund (ERDF) ***programmes***. This document reviews the implementation of the measures proposed in 2012. It also provides information on policy developments relevant to these regions since then and analyses their socioeconomic situation. 2. The European Union and the outermost regions: a long lasting partnership For more than 30 years the EU has been building a solid partnership with its outermost regions. The Treaty of Rome provides that the institutions of the Community should ensure the economic and social development of the French overseas departments. A declaration annexed to the Maastricht Treaty went a step further, recognising, for the first time, the notion of ‘outermost region’ (Article 227(2)). The Treaty of Amsterdam (Article 299(2)) asserted for the first time the status of the outermost regions in the body of the European Treaties and formally recognised their geographical and economic specificity. It acknowledged that the outermost regions are affected by a specific set of constraints4 the permanence and combination of which severely restrains their development. Article 299(2) further states that the Council, on a proposal from the Commission and after consulting the European Parliament, shall adopt specific measures, 1 See Annex I for the geographical location of the outermost regions. 2 COM(2012) 287 final, 20.6 2012. 3 See footnote 2. 4 The outermost regions are affected by remoteness, insularity, small size, difficult topography and climate, and economic dependence on a small number of products. 4 aimed, in particular, at laying down the conditions of application of the Treaties to those regions, including common policies, to take into account their structural social and economic situation. Following the entry into force of the Treaty of Lisbon in 2009, this status has been consolidated under a dedicated Article 349 TFEU. In its judgment of 15 December 20155, the Court of Justice of the European Union clarifies the scope of application of Article 349 TFEU on the basis of which the Council is entitled to adopt specific measures for the outermost regions derogating from the Treaty or from a secondary law. The EU has approved over the years specific or derogating legislative and non-legislative measures applicable to the outermost regions. They cover areas such as taxation, customs, ***agriculture***, fisheries and State aid, with the objective of mitigating as much as possible the negative effects of their specific constraints and promoting their development. In 20046, the Commission presented for the first time a strategy for the outermost regions, aiming to strengthen the partnership between the EU institutions and those regions. The strategy was renewed in 20087, to make the most of the outermost regions’ assets and in 20128, to align the strategy with Europe 2020 goals, emphasising the need for sustainable growth and jobs’ creation. A series of measures were proposed in different EU policies, across five main axes for action: improve accessibility to the single market, increase competitiveness, strengthen regional integration within the respective geographic zone, reinforce the social dimension of the development, including through measures for job creation, and mainstreaming climate action into all relevant policies. To better address their needs, the Commission has put the spotlight on the outermost regions’ specific assets and the constraints faced by them through a number of significant events. Since 2010, the Commission has been promoting discussion fora dedicated to the outermost regions, with the participation of all interested parties, in collaboration with the regions, the Member States concerned and the European institutions. The 4th Forum held in March 2017 debated the following ***strategic*** themes: circular, green and blue economy; energy; integration of outermost regions in regional and international markets; and digital and physical accessibility. It also examined the support available from the EU funds. In addition, a seminar on employment in the outermost regions, organised in March 2016 together with the European Economic and Social Committee, provided some important ideas for future actions to improve mobility and promote job creation, in particular in emerging sectors such as the blue and green economy. The outermost regions have also taken actions to strengthen their partnership with the European institutions. Since 1995, the annual event of the Conference of Presidents of the 5 [*http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:62014CJ0132*](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:62014CJ0132) 6 COM(2004) 543 final, 6.8.2004 7 COM(2008) 642 final, 17.10.2008 8 See footnote 2. 5 outermost regions is hosted by the region holding the rotating presidency and attended by representatives of EU institutions and Member States. At every conference, a declaration is issued outlining the outermost regions common position. At the last one, in 2016 in Madeira, the Presidents called on the Commission and the Member States for a new dynamic towards the outermost regions and committed to presenting a joint Memorandum. The Memorandum9 was handed to the President of the European Commission during the 4th Forum. It presented several proposals calling for reinforcing the differentiated approach of the European policies for the outermost regions. The Member States concerned (France, Portugal and Spain) have also submitted individual contributions. Furthermore, joint contributions were submitted to the Commission on the future strategy for the outermost regions10. The European Parliament has also been very active in promoting the interests of the outermost regions. It adopted in 2014 a resolution on creating synergies between the European Structural and Investment Funds (ESI Funds) and other European Union ***programmes*** to optimise the potential of the outermost regions11. In 2017, it adopted two additional resolutions on the management of fishing fleets in the outermost regions12 and the implementation of Article 349 TFEU13. These political proposals complement the work undertaken by the Commission on the EU strategy towards the outermost regions. In early 2014, the Commission set up a working group with representatives from the outermost regions, the three Member States concerned and the Commission to follow up concrete aspects of the 2012 Communication. Since then, the group has met regularly to analyse and discuss developments in the European policies affecting these regions, strengthening the communication between institutions and interested parties. Other Commission initiatives are important to evaluate the impact of European policies on the outermost regions and identify potential avenues for future action. In December 2016, the Commission adopted a report on the implementation of the POSEI scheme, expressing a positive assessment of its implementation and relevance14. In the same year, the Commission launched a study on the blue growth potential in the outermost regions. The results of the study were recently published15. Furthermore, the Commission has set up four expert groups to reflect on key areas for future growth in the outermost regions, such as digital accessibility, transport, energy, green and circular economy. Each group included experts from the outermost regions, the Member States and the Commission, aiming to define future actions at EU, national and regional levels in order to boost progress in these ***strategic*** areas16. 9   [*http://ec.europa.eu/regional\_policy/sources/policy/themes/outermost-regions/pdf/memorandum\_rup2017\_fr.pdf*](http://ec.europa.eu/regional_policy/sources/policy/themes/outermost-regions/pdf/memorandum_rup2017_fr.pdf) 10   [*http://ec.europa.eu/regional\_policy/index.cfm/en/policy/themes/outermost-regions/#5*](http://ec.europa.eu/regional_policy/index.cfm/en/policy/themes/outermost-regions/#5) 11 European Parliament resolution of 26 February 2014, Procedure reference (2013/2178(INI)), Rapporteur:Younous Omarjee. 12 European Parliament resolution of 27 April 2017 (2016/2016(INI), Rapporteur: Ulrike Rodust. 13 European Parliament resolution of 6 July 2017 (2013/2178(INI), Rapporteur: Younous Omarjee. 14 POSEI (***Programme*** of options specific to the remote and insular nature of the outermost regions); COM(2016) 797 final, 15.12.2016 15   [*https://publications.europa.eu/en/publication-detail/-/publication/029afe70-a725-11e7-837e-01aa75ed71a1/language-en*](https://publications.europa.eu/en/publication-detail/-/publication/029afe70-a725-11e7-837e-01aa75ed71a1/language-en) 16   [*http://ec.europa.eu/regional\_policy/en/policy/themes/outermost-regions/#5*](http://ec.europa.eu/regional_policy/en/policy/themes/outermost-regions/#5) 6 3. Socioeconomic trends in the outermost regions17 On GDP per capita in purchasing power standard (pps)18, all outermost regions are still far away from the respective national and EU-28 average (data of 2015). The average GDP per capita of all the outermost regions is at 64.6 %, with Mayotte and French Guiana only at 32 % and 53 % respectively, while the national French average is at 106 %. The highest GDP per capita among all the outermost regions is observed in Martinique with 78 %, followed by the Canary Islands with 74 % (Figure 1). However, there is no clear common trend for the 2011-2015 ***programming*** period. The Portuguese outermost regions, the Canary Islands and Guadeloupe have seen their GDP per capita decreasing in 2011 - 2015; while Martinique, Reunion Island and Mayotte have seen their GDP per capita increasing in the same period. In French Guiana, there was no clear pattern in 2011 – 2015. There was an increase in 2011 - 2012 and then, a decrease in 2012 - 2015. Figure 1 — Gross domestic product at current prices in 2015 (PPS) in the outermost regions, Spain, France Portugal and EU-28 average. There is a fluctuation in terms of growth rates in 2010 - 201519, with no common pattern for all outermost regions. For the Spanish and Portuguese outermost regions (two Member States significantly hit by the economic crisis), the growth rates were positive in 2014 for the first time since 2010. In 2015, the growth rates were positive in almost all outermost regions. The average growth rate stands at 2.1 %. 17 More detailed information for each region is presented in Annex III. 18 EUROSTAT: Gross domestic product (GDP) at current market prices by NUTS 2 regions [nama\_10r\_2gdp]; unit: Purchasing power standard (PPS) per inhabitant in percentage of the EU average; updated on 30.3.2017; extracted on 12.6.2017 19 EUROSTAT data: Real growth rate of regional gross value added (GVA) at basic prices by NUTS 2 regions — percentage change on previous year [nama\_10r\_2gvagr]; updated on 16.6.2017 and extracted on 12.7.2017 0 20 40 60 80 100 120 Gross Domestic Product at current prices in 2015 (PPS) 7 On demographic changes, in 2012 - 201620, the population increased in the Canary Islands, French Guiana, Mayotte and Reunion Island while it decreased in the other outermost regions. It is worth highlighting that the outermost regions have a relatively young population compared to the national situation. In most outermost regions, the percentage of young people (up to 25 years-old) is significantly higher than the national average. In some cases it is the double (Mayotte) or almost the double (French Guiana). Life expectancy in 2015 was lower than the national average in all outermost regions, with the exception of Martinique, where it is slightly higher than the national average (82.7 years-old against 82.4 years-old)21. The gap observed between the national average and the outermost regions’ average is marginal. The lowest life expectancy can be observed in Mayotte (76.5 years-old). On the labour market situation, in most outermost regions, the employment rates of those aged 20-64 have increased in 2012 - 201622, with the exception of Guadeloupe and French Guiana, where slight drops in the employment rates have been observed in the same period. The average employment rate (20-64) for all the outermost regions is at 56.91 % (in 2016); which is significantly below the average target of the Europe 2020 strategy (75 %) and of the respective national targets (74 % for Spain, 75 % for France and 75 % for Portugal23). The French outermost regions present the most important gap between the regional employment rates and the respective national averages. The unemployment rates of those aged 15-74, have decreased in most outermost regions in 2012 - 2016, after observing a peak in 2013. The exceptions are Guadeloupe, French Guiana and Mayotte; with the latter having observed a trend towards increased unemployment rates in 2014 - 2016. The most recent data available, from 2016, show that the unemployment rates are much higher in all the outermost regions than the respective national averages, with the exception of the Azores (equal to the national rate of 11.2 %). The average unemployment rate in all outermost regions stands at 20.6 %, which is much higher than the EU-28 rate of 8.6 %. The highest rates are observed in Mayotte with 27.1 % and the Canary Islands with 26.1 %. The rates of the French outermost regions in 2016 (except from Martinique) are more than double the national rate of 10.1 % (Table 1). 20 EUROSTAT: Population on 1 January by age, sex and NUTS 2 region [demo\_r\_d2jan]; updated on 30.5.2017; extracted on 9.6.2017 21 EUROSTAT: Life expectancy by age, sex and NUTS 2 region [demo\_r\_mlifexp]; updated on 31.5.2017; extracted on 6.6.2017 22 EUROSTAT: Employment rates by sex, age and NUTS 2 regions (%) [lfst\_r\_lfe2emprt]; updated on 27.4.2017; extracted on 12.6.2017 23   [*http://ec.europa.eu/eurostat/web/europe-2020-indicators/europe-2020-strategy/headline-indicators-scoreboard*](http://ec.europa.eu/eurostat/web/europe-2020-indicators/europe-2020-strategy/headline-indicators-scoreboard) 8 Table 1 — Unemployment rates in the outermost regions, Spain, France, Portugal and EU-28 average in 2016. 2016 Unemployment rate 15-74 (%) Long-term unemployment (% of active pop) Female unemployment 15-74 (%) Unemployment rate 15-24 (%) NEET Canary Islands 26.1 14.2 28.0 51.3 16.0 Spain 19.6 9.5 21.4 44.4 14.6 French Guiana 23.2 16.2 25.2 43.9 32.3 Guadeloupe 23.9 17.1 25.4 46.7 19.4 Martinique 17.6 11.5 17.6 44.3 19.7 Mayotte 27.1 21.9 32.6 54.5 - Reunion Island 22.4 14.2 22.5 44.0 22.5 France 10.1 4.6 9.9 24.7 11.9 Azores 11.2 6.5 9.8 41.51 19.2 Madeira 13.0 7.8 11.9 50.51 16.1 Portugal 11.2 6.1 11.3 28.0 10.6 EU-28 8.6 4.0 8.8 18.7 11.5 1 2014 The long-term unemployment rates (as percentage of the active population) in 2012 - 201624 show a downward trend in most outermost regions (Canary Islands, Martinique, Reunion Island, Madeira and the Azores). In 2016, most of the outermost regions observed unemployment rates which are much higher than the national rates and the EU-28 average. The average long-term unemployment rate in all outermost regions is 13.7 %, compared to 4 % in EU-28, 9.5 % in Spain, 4.6 % in France and 6.1 % in Portugal. The Portuguese outermost regions have long-term unemployment rates that are higher but not very far away from the national ones (6.5 % in the Azores, 7.8 % in Madeira compared to 6.1 % in Portugal). The biggest gap can be observed in the French outermost regions where the rates vary from 21.9 % and 17.1 % in Mayotte and Guadeloupe respectively to 11.5 % in Martinique; while the French national rate is at 4.6 %. In addition, it is worth comparing with the long-term unemployed as percentage of the unemployed; a comparison which shows that in all outermost regions more than half of the unemployed are long-term unemployed. Mayotte and Guadeloupe have the highest share of long-term unemployed among their unemployed, with 80.9 % and 71.6 %. The female unemployment rates of those aged 15-74, show a downward trend in the outermost regions in 2012 - 201625, after reaching their peak in 2013 and 2014. The exception to that is Mayotte (data for 2014 - 2016), where female unemployment tended to increase. The average rate for all outermost regions is 21.6 % (in 2016), which is more than two times 24 EUROSTAT: Long-term unemployment (12 months and more) by NUTS 2 regions [lfst\_r\_lfu2ltu]; unit: percentage of active population; updated on 27.4.2017; extracted on 31.5.2017 25 EUROSTAT: Unemployment rates by sex, age and NUTS 2 regions (%) [lfst\_r\_lfu3rt]; updated on 9.8.2017; extracted on 11.9.2017 9 higher the EU-28 rate (8.8 %) and higher than the national rates (21.4 % for Spain, 9.9 % for France and 11.3 % for Portugal). The highest female unemployment rate is observed in Mayotte and the Canary Islands with 32.6 % and 28 % respectively. The lowest is observed in the Azores (9.8 %) which is also the only outermost region scoring lower in female unemployment than the national average (11.3 % for Portugal). On the youth unemployment rates of those aged 15-24, it is worth noting that in all the outermost regions the rates have decreased from 2012 to 201626 27, in some cases by more than 10 percentage points (Canary Islands, Martinique, Reunion Island). However, 2016 rates in the outermost regions remain much higher than the national and the EU-28 rates. The average rate for all the outermost regions (except for the Portuguese ones) stand at 47.5 %, while the Spanish and French national rates are at 44.4 % and 24.7 % respectively and the EU-28 rate at 18.7 %. The Canary Islands and Mayotte have the highest rates with 51.3 % and 54.5 % respectively. On young people not in employment, education or training (‘NEET’ indicator), there is a reduction of the rate in all outermost regions in 2012 - 201628 (and in 2012 - 2014 for the French outermost regions). A significant decrease is observed in the Canary Islands and Madeira, with a drop of more than five percentage points, in the same period. The 2016 rate is significantly higher in all outermost regions than the national average and the EU-28 rate. The average rate for all outermost regions stands at 20.7 %, which is much higher than the Spanish (14.6 %), the French (11.9 %), the Portuguese (10.6 %) and the EU-28 (11.5 %). The highest values are observed in French Guiana with 32.3 %, followed by Reunion Island with 22.5 %29. On early school leavers, there was a significant reduction observed in the Canary Islands, the Azores, Madeira and Reunion Island in 2012 - 201630. During this period, there was an increase in early school leavers for Guadeloupe, Martinique and French Guiana. The rates observed in 2016 in the outermost regions are significantly higher than the respective national averages, with the exception of the Canary Islands where the rate is slightly lower than the national average (18.9 % compared to 19 % for Spain). French Guiana31 has the worst performance with 36.7 % of early school leavers, far from the national average of 8.8 % in France. The Portuguese outermost regions have also a much higher rate than the national average, with the Azores and Madeira at 26.9 % and 23.2 % respectively and Portugal at 14 %. The combined average rate for all outermost regions is 22.5 %, which is significantly higher than the ‘less than 10 %’ target of the Europe 2020 strategy and the national targets set at 15 %, 9.5 % and 10 % for Spain, France and Portugal respectively. 26 EUROSTAT: Unemployment rates by sex, age and NUTS 2 regions (%) [lfst\_r\_lfu3rt]; updated on 27.4.2017; extracted on 9.6.2017 27 No data are available for the Portuguese outermost regions for 2015 and 2016. 28 EUROSTAT: Young people neither in employment nor in education and training by sex and NUTS 2 regions (NEET rates) [edat\_lfse\_22]; updated on 27/04/17; extracted on 6.6.2017 29 Mayotte is not reported on this dataset. 30 EUROSTAT: Early leavers from education and training by sex and NUTS 2 regions [edat\_lfse\_16]; updated on 27.4.2017; extracted on 6.6.2017 31 Mayotte is not reported in the data. 10 On higher education attainment32, in 2012 - 2016, there is a slight increase observed in almost all outermost regions, with the exception of French Guiana (slight decrease in 2014 - 201633). In 2016, all outermost regions have lower rates than the national and EU-28 rates. The average rate for all outermost regions is approximately 21 %; while the EU-28 rate is at 30.7 % and the Spanish, French and Portuguese ones at 35.7 %, 34.6 % and 23.9 % respectively. The rates of the outermost regions are also significantly lower than the EU-2020 target set of 40 % and the national targets set at 44 %, 50 % and 40 % for Spain, France and Portugal respectively. The lowest higher education attainment is observed in the Azores and French Guiana with 14.8 % and 17.7 % respectively. The highest tertiary education attainment is observed in the Canary Islands with 29.4 %. 4. Assessment of the European strategy for the outermost regions 4.1 Accessibility to the single market Accessibility is the cornerstone of the outermost regions integration in the single market as stressed in the report by Pedro Solbes of 12 October 201134 which inspired, and continues to inspire, specific measures for the outermost regions. One of the main axes of the 2012 Communication was improving access to the single market; physical access (transport) but also digital access through broadband networks and digital services. Transport The cohesion policy remains the main instrument to support physical accessibility infrastructures in the outermost regions, in particular for air and maritime transport investments. In 2007 - 2013, the ERDF allocation for transport was about EUR 1 billion; more than one fifth (22 %), in average, of the total support for this period for all outermost regions. A wide range of projects have been financed, including port and airport infrastructures, maritime connections and inland waterways. The port and airport infrastructures represented 24 % and 25 % respectively of the total ERDF allocation on transport in the outermost regions; while the European average was 4 % and 2 % of the respective transport allocation. For 2014 - 2020, support to the transport sector in the outermost regions remains significant (14 % of the ERDF allocation), with about EUR 660 million made available via regional ***programmes***, with an emphasis on a ***strategic*** approach and sustainable transport. Investments 32 EUROSTAT: Population aged 25-64 by educational attainment level, sex and NUTS 2 regions (%) [edat\_lfse\_04]; tertiary education (levels 5-8); updated on 27.4.2017; extracted on 9.6.2017 33 There are no data available for Mayotte. 34 ‘Europe’s outermost regions and the single market: The EU’s influence in the world.’   [*http://ec.europa.eu/internal\_market/outermost\_regions/docs/report2011\_en.pdf*](http://ec.europa.eu/internal_market/outermost_regions/docs/report2011_en.pdf) 11 for ports and airports continue to represent a big share of transport investments in these regions (33 % and 11 % respectively), while this share decreases significantly at the EU level (0.6 % for ports and 2.9 % for airports). Cohesion policy is therefore responding to the particular needs of the outermost regions, where air travel and maritime transport are of particular importance for socioeconomic development. The specific additional allocation of the outermost regions in the ERDF has also been used to compensate additional transport costs, including operating costs. Such examples of cohesion policy improving accessibility in 2007 - 2013 are:  the new Pôle Caraïbes airport in Guadeloupe (ERDF EUR 4.4 million35);  the requalification of the port of Praia de Vitoria, on the Terceira Island, in the Azores (ERDF EUR 27 million); and  the construction of Camopi airport, in French Guiana. On sustainable mobility and access within the local territory, the outermost regions have made major efforts and many examples can be listed, such as:  a hybrid bus project in Fort-de-France in Martinique (EUR 66 million budget supported by ERDF); and  ***plans*** to develop demand responsive transport services for the remoter areas using a mix of vehicles integrated to ferry operations (Guadeloupe) or alternative water transport lines (French Guiana)36. The main ports and airports of the outermost regions are included in the comprehensive Trans-European (TEN-T) networks37. This implies eligibility for EU funding under the Connecting Europe Facility (CEF) and applies mostly to maritime ports located in the outermost regions that can be backed financially by the Motorways of the Sea (MoS) ***programme***. However, the bulk of CEF funding is currently on the core network infrastructures where only two ports and airports (Las Palmas and Tenerife in the Canary Islands) are included (Atlantic corridor). Three outermost regions’ projects related to ports were financed by the CEF (with a maximum total EU contribution of EUR 28.3 million) including: a) a project to retrofit a dual-fuel high-speed craft ro-pax vessel, fuelled by a mix of 75 % liquefied natural gas (LNG) and 25 % diesel to make — among others — the link between the Canary Islands38. b) the GAINN4 mOS, a twinned action between a number of Member States which contributes to the implementation of the LNG bunkering project in the Atlantic and the Mediterranean, including the port of the Azores39; and 35 Total investment of 12.5 million. 36 Source: Report of the expert group on transport accessibility for the outermost regions   [*http://ec.europa.eu/regional\_policy/sources/policy/themes/outermost-regions/pdf/transport\_report\_en.pdf*](http://ec.europa.eu/regional_policy/sources/policy/themes/outermost-regions/pdf/transport_report_en.pdf) 37 With the exception of Saint Martin. 38   [*https://ec.europa.eu/inea/sites/inea/files/fiche\_2014-es-tm-0593-s\_final.pdf*](https://ec.europa.eu/inea/sites/inea/files/fiche_2014-es-tm-0593-s_final.pdf) 39   [*https://ec.europa.eu/inea/sites/inea/files/fiche\_2014-eu-tm-0698-s\_final.pdf*](https://ec.europa.eu/inea/sites/inea/files/fiche_2014-eu-tm-0698-s_final.pdf) 12 c) the use of Onshore Power Supply system’s technology in Spanish ports, including the Canary Islands40. The latter is part of a global project aiming to spread the use of electricity for ships calling at Spanish ports along Core Network Corridors and beyond. Santa Cruz and Las Palmas of the Canary Islands will benefit from the pilot deployment. Under TEN-T, two studies were financed that included the outermost regions: one with the objective to describe existing solutions on the access to natural gas and the possibility to introduce LNG and Compressed Natural Gas41 in Spain, including the Canary islands; and the other under the name COSTA Action42, to develop framework conditions for the use of LNG for ships in the Mediterranean, the Atlantic Ocean and the Black Sea, including the Deep Sea cruising in the North Atlantic Ocean, towards the Azores and Madeira. In addition to funding, regulatory provisions are also very important for supporting transport in the outermost regions. The guidelines on State aid to airports and airlines, adopted by the Commission in 2014, take into account the challenges faced by the outermost regions. These guidelines set out the conditions under which investment aid and operating aid can be granted to airports. More flexible conditions apply to airports situated in the outermost regions (such as higher permissible investment aid, as a share of eligible costs). These guidelines also contain flexible provisions on start-up aid to airlines for opening new routes from outermost regions’ airports regardless of their size and even when those routes connect airports with countries outside the EU. Outermost regions can also benefit from aid of a social character for air transport services. In the context of the 2017 review of the General Block Exemption Regulation (GBER), the Commission further simplified the procedures. On transport, the revised GBER allows investment aid to be granted to ports and airports of a certain size43, without notifying the Commission, if specific conditions are met. The revised GBER also provides for more flexible rules on granting operating aid for small airports with fewer than 200 000 passengers per year. Furthermore, Member States can also provide State aid to outermost regions on the basis of existing EU rules on services of general economic interest. In case of genuine transport needs, Member States may impose a public service obligation on certain routes, with or without exclusivity and/or compensation. Similarly, the operation of some airport activities may be designated as a service of general economic interest, with the ensuing compensation. As for the maritime guidelines, the outermost regions had expressed the need for start-up aid for new maritime routes towards non-EU countries. However, following the previous public consultation results, it was considered that the overall rationale was still valid and therefore the 2004 Maritime guidelines were maintained. 40   [*https://ec.europa.eu/inea/sites/inea/files/fiche\_2015-eu-tm-0417-s\_final.pdf*](https://ec.europa.eu/inea/sites/inea/files/fiche_2015-eu-tm-0417-s_final.pdf) 41   [*https://ec.europa.eu/inea/sites/inea/files/download/project\_fiches/spain/fichenew\_2013es92006s\_final\_1.pdf*](https://ec.europa.eu/inea/sites/inea/files/download/project_fiches/spain/fichenew_2013es92006s_final_1.pdf) 42   [*https://ec.europa.eu/inea/en/ten-t/ten-t-projects/projects-by-country/multi-country/2011-eu-21007-s*](https://ec.europa.eu/inea/en/ten-t/ten-t-projects/projects-by-country/multi-country/2011-eu-21007-s) 43   [*http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R1084&from=EN*](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R1084&from=EN) 13 Moreover, introducing provisions on aid for investments in ports in the GBER and the extension of the regional operating aid provisions to the transport sector has simplified State aid rules in the maritime sector. The Member States can grant aid for relevant investments without having to notify them to the Commission. Considering the importance of air transport for these regions, the Commission, in its proposal amending the Directive 2003/87/EC for a new regulation on the Emission Trading System in aviation of Febru

ary 2017, maintained the exemption of the flights to and from airports in the outermost regions from 2017, subject to a new review in the light of the international developments to implement a global scheme on international aviation emissions. Digital connectivity One of the main obstacles to the integration of the outermost regions in the single market is their remote location, but could be partly compensated by a good level of digital connectivity. The outermost regions are in contrasting situations for the 2020 and 2025 broadband objectives44. In terms of coverage45 by next generation access networks46 all outermost regions are below the EU average (76 %) with the exception of Azores (99.8 %) and Madeira (86.3 %); Gran Canaria (86.8 %) and Tenerife (79 %) in the Canary Islands. With a few exceptions, most outermost regions are also below their national average and in some cases they present a very substantial gap: El Hierro (Canary Islands) has a coverage of 6 %, French Guiana 9 %, Las Palmas (Canary Islands) 10.4 %, La Gomera (Canary Islands) 17.2 %, Fuerteventura (Canary Islands) 18.6 %, Reunion Island 22.9 % and Martinique 42.8 %. The proportion of subscribers to the high-speed network is generally close to or above the national average, which demonstrates the interest and need for connectivity among the populations of these regions; Mayotte being the notable exception. The high number of broadband subscribers could be because the internet plays an even more important role for the communication needs of the populations of these outermost regions than on the mainland47. However, this penetration is unevenly distributed within these regions and is lower for example in the southern islands of Guadeloupe, the less densely populated islands of the Canary Islands and many areas in French Guiana and Mayotte. To improve the outermost regions' access to the digital market, the EU supports investments in network and services through a flexible regulatory framework and financial support where there are market failures. 44 The Union has set as objectives by 2020 the availability of 30 megabits per second (Mbps) connectivity for all citizens and the subscription by at least 50 % of households to a service offering at least 100 Mbps. The objectives for 2025 include that all European households will have access to internet connections of at least 100 Mbps, upgradable to Gigabit speeds. 45 Sources: European Commission Services 2017 — European Digital Progress Report 2017 [*https://ec.europa.eu/digital-single-market/en/news/europes-digital-progress-report-2017*](https://ec.europa.eu/digital-single-market/en/news/europes-digital-progress-report-2017) and ‘Broadband Coverage in Europe 2016. Mapping progress towards the coverage objectives of the Digital Agenda’. 46 Next Generation Access (NGA) coverage includes fixed-line broadband access technologies capable of achieving download speeds meeting the Digital Agenda objective of at least 30 Mbps coverage. These figures are the result of combining VDSL, DOCSIS 3.0, and FTTP coverages taking into account the possibility of overlapping coverage. 47 Report of the expert group on digital accessibility and ICT (coverage and use) in the outermost regions:   [*http://ec.europa.eu/regional\_policy/sources/policy/themes/outermost-regions/pdf/ict\_report\_en.pdf*](http://ec.europa.eu/regional_policy/sources/policy/themes/outermost-regions/pdf/ict_report_en.pdf) 14 The EU rules for electronic communications encourage competition, lower prices and more choice for businesses and consumers; while guaranteeing basic user rights. The legislation does not contain specific rules for outermost regions but allows national authorities to identify specific competition conditions in the territory of an outermost region, to take them into account in their market analysis and to adapt their regulatory ***intervention*** if necessary (as has been the case for wholesale access tariffs to some submarine cables). In addition, the proposed new European electronic communications code includes measures to encourage competitive investments, notably by providing incentives to co-investment in very high-capacity networks. This is expected to enable the participation of smaller players in investment projects, thanks to the pooling of costs and reduction of scale barriers and to make the investment case more predictable for ‘first movers,’ who take the risk to invest in those networks in less profitable areas, such as less densely populated and remote areas. The outermost regions also benefit from the ban on retail roaming surcharges, as from 15 June 2017, subject to fair use policy, and if mobile operators operating in these regions are not exempted from the ban by the national regulator48. State aid rules enable public funding for the deployment of networks offering substantial improvements over existing networks as recalled in the Broadband State aid guidelines adopted in 201349. The Commission will take into account the projected evolution of the long-term demand for such networks50. It will do this by assessing notified measures supporting such improvement and will consider favourably efficient blended financing that contributes to lower the aid intensity and to reduce the risks of distorting competition, as part of its assessment of State aid ***interventions***. In 2014 - 2020, ESI Funds are supporting investment in digital public services and in the roll out of broadband networks, in those areas where market investment has not materialised and public funding proved necessary. The upgrade and roll out of new high-speed broadband infrastructures are supported in the French outermost regions and to a lesser extent in the Canary Islands. Furthermore, all outermost regions have mobilised ESI Funds to support the development and use of Information and Communication Technology (ICT) services. The aim is to allow the population and SMEs to access advanced and affordable electronic communications and digital services and to attract new activities creating employment. This effort is accompanied with a support to the digitalisation of SMEs, the acquisition of digital skills and the development of public digital services for people and businesses (in particular eGovernment, eHealth, eLearning and eTourism). Around EUR 287 million are allocated in 2014 - 2020 ERDF regional ***programmes*** for digital connectivity in the outermost regions, representing a global increase of around 80 %, 48 Regulation (EU) 2015/2120 of the European Parliament and of the Council of 25 November 2015 laying down measures concerning open internet access and amending Directive 2002/22/EC on universal service and users’ rights relating to electronic communications networks and services and Regulation (EU) No 531/2012 on roaming on public mobile communications networks within the Union (OJ L 310, 26.11.2015, p. 1). 49 Communication from the Commission 'EU guidelines for the application of State aid in relation to the rapid deployment of broadband networks' (OJ C 25, 26.1.2013, p. 1). 50 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions ‘Connectivity for a Competitive Digital Single Market — Towards a European Gigabit Society’ - COM(2016) 587 final, 14.9.2016 15 compared to the previous ***programming*** period. This allocation represents 6 % of the total EU funding for those ***programmes***. In addition to ERDF, the European ***Agriculture*** Fund for Rural Development (EAFRD) has also supported digital connectivity with EUR 5.7 million in 2014 - 2020. In the previous ***programming*** period (2007 - 2013), supported by the ERDF regional ***programmes***, the Azores and Canary Islands directed their efforts mainly towards services and applications for people, Martinique in ICT services for SMEs, while the other outermost regions favoured investments in telecommunication infrastructures. In addition to the ESI Funds support, the Connecting Europe Broadband Fund (CEBF), announced in December 2016 by the Commission and the European Investment Bank (EIB), is expected to trigger additional investments in broadband deployment. The CEBF will complement the lending activity of the European Fund for ***Strategic*** Investments (EFSI) and EIB by enabling smaller and riskier projects to attract market investments. It could thus fit better the financial investment needs of specific projects in the outermost regions. Better information on the single market The 2012 Communication proposed that ‘single market’ contact points are set up in each outermost region and that the Internal Market Information (IMI)51 and SOLVIT52 platforms are better used by the outermost regions. The IMI system allows public authorities across the European economic area to exchange information in the form of requests, notifications, alerts and centralised repositories, in line with the provisions in 11 single market areas. With the exception of Mayotte, IMI competent authorities have been appointed in all the outermost regions. The authorities in the Canary Islands’ have extensively used the system, due to the training and awareness-raising activities carried out by Spain. On SOLVIT, a number of cases were dealt with by the Canary Islands, Madeira and Azores. The authorities of the outermost regions are invited to continue cooperating with the national SOLVIT centres placed in the central administration53. SOLVIT can offer assistance in case a public authority has caused problems between two Member States in the single market. In addition, the ‘Your Europe’ portal54 offers user-friendly information and access to advice about EU rights which all Europeans and business enjoy in the single market. The portal is available in the official EU languages spoken in the outermost regions. The uptake of these tools in the outermost regions has been overall limited compared to the rest of the EU and their use should be further encouraged. 51   [*http://ec.europa.eu/internal\_market/scoreboard/\_archives/2013/07/performance\_by\_governance\_tool/internal\_market\_information\_system/index\_en.htm*](http://ec.europa.eu/internal_market/scoreboard/_archives/2013/07/performance_by_governance_tool/internal_market_information_system/index_en.htm) 52   [*http://ec.europa.eu/solvit/index\_en.htm*](http://ec.europa.eu/solvit/index_en.htm) 53 Increasing the use of SOLVIT by citizens and businesses is a general objective of the reinforcement of the network as expressed in the SOLVIT action ***plan*** - COM(2017) 255 final, 2.5.2017 54   [*http://europa.eu/youreurope/index.htm*](http://europa.eu/youreurope/index.htm) 16 4.2 Increasing competitiveness through modernisation and diversification of economies Cohesion policy Cohesion policy is the main EU instrument to deliver growth and jobs. The 2012 Communication highlighted the need to support funding for research and innovation, promote new opportunities for employment and enterprises as well as to renewable energy and energy efficiency, and improve access to finance for SMEs. Moreover, the Communication underlined the role of the smart specialisation strategies to this aim. On the Cohesion Fund (CF), the Azores and Madeira are the only two outermost regions belonging to a Member State eligible for Cohesion Fund support. The actions supported under this fund in the 2007 - 2013 ***programming*** period were financed under the national ***programme*** ‘Valorização do território’. EUR 235 million were earmarked to Madeira to prevent and manage risks and to improve transport infrastructures and EUR 105 million to the Azores, to enhance the maritime transport conditions in the archipelago as well as the environmental protection and sustainable development. In 2014 - 2020, those regions are eligible to apply for support under the national ***programmes*** financed by this fund. The total ERDF allocated budget to the outermost regions in the regional ***programmes*** in 2007 - 2013 amounted at EUR 4.6 billion. It includes an additional specific allocation of EUR 850 million. According to preliminary data submitted for the closure of the 2007 - 2013 operational ***programmes*** in March 201755, the 2012 strategy is well reflected in the priorities supported from the cohesion policy. The most commonly supported sectors (based on the thematic objectives57) in the outermost regions were: transport and energy networks with 21.6 % of the total budget, environment and resource efficiency with 19.4 % and SME competitiveness with 13.4 %. Research and innovation was supported with 5.8 % and information and communication technologies with 4 %. It is worth observing that by aggregating the contribution under research and innovation, ICTs and support to SMEs, a total investment of 23 % is attained (Figure 3). The outermost regions used the specific allocation in 2007 - 2013 in different manners. For example, in Martinique, Reunion Island, Mayotte and Madeira, the specific allocation supported investments aimed at promoting the competitiveness of enterprises. In Reunion Island and the Azores, the allocation was used for transport. In the Canary Islands, the specific allocation was used for infrastructure (upgrade works in airports, ports and roads) and for running costs (providing grants for transport between islands and covering medical costs). 55 The data may be subject to change following the exchange of information between the Member State authorities and the Commission in the framework of the 2007 - 2013 closure exercise. 17 Figure 3 –Financial allocations of ERDF regional ***programmes*** in the 2007 - 2013 ***programming*** period by thematic objective 56 In the 2012 Communication, Financial Engineering Instruments and microfinance were mentioned among the possibilities to be explored by the outermost regions. In 2007 - 2013, this opportunity was used in Martinique (ERDF, EUR 12.85 million), with financial engineering instruments allowing 600 businesses to benefit from financial support. In French Guiana EUR 5.7 million was used from ERDF on financial engineering instruments, including instruments for risk-sharing, microcredit, bank guarantees and funds to support projects with high potential. In total, 306 persons have benefited from microfinance and 530 businesses (SMEs and bigger firms) received support. Based on the same preliminary data, the ERDF contribution helped to achieve the following results in 2007 - 2013: 6 956 jobs were created; among which 204 jobs in the research sector and 1 227 in tourism. 66 331 students benefitted from projects in the field of education. 662 start-ups were supported and 326 413 additional people are covered by broadband access. In terms of physical accessibility, 65.8 km of new roads were constructed and 621.2 km reconstructed. 65 468 additional people are served by waste water projects and 143 311 additional people are served by water projects. 229 renewable energy projects were supported. In 2014 - 2020, the ERDF allocates EUR 4.7 billion in the regional ***programmes*** to support investments in smart, sustainable and inclusive growth. This amount includes the additional specific allocation for the outermost regions (EUR 1 billion)57. An increase of 4.6 % can be observed in the total budget for all outermost regions between the two ***programming*** periods. 56 The term thematic objective is used as a reference to the 2014-20 Regulations for comparability reasons. 57 The funding contribution from the national ***programmes***, namely for the Canary Islands, is not included. 18 The most commonly supported sectors (based on the thematic objectives) are SME Competitiveness; Environment Protection and Resource Efficiency; and Network Infrastructures in Transport and Energy (Figure 4). Figure 4 –Financial allocations of ERDF regional ***programmes*** in the 2014 - 2020 ***programming*** period by thematic objective. The additional specific allocation, will be used in 2014 - 2020 to support businesses (Madeira, Guadeloupe, French Guiana, Reunion Island, Mayotte), transport (the Azores, Canary Islands, Guadeloupe, Martinique, French Guiana, Reunion Island, Mayotte), medical transport (Canary Islands), civil protection against natural disasters (Guadeloupe, Saint Martin, Martinique, Reunion Island), protection of the environment and biodiversity (Canary Islands) and ICTs (Saint Martin, Martinique). The 2012 Communication highlighted the need to assess if the individual needs and assets of the outermost regions were taken into account in the design of the Partnership Agreement of the 2014 - 2020 ***programming*** period. As a result, a specific Chapter is devoted to the outermost regions in the national Partnership Agreements. In 2014 - 2020, different financial instruments are envisaged to support different priorities in each outermost region, in particular risk capital, capital investment, microcredits, guarantee funds and pre-financing. These instruments aim to support SMEs and projects in energy and environment (Guadeloupe); and entrepreneurship (Saint Martin). Reunion Island envisages also financial instruments to support entrepreneurship with EUR 22.4 million from ERDF, EUR 20 million from EIB and EUR 7 million from the Region58. French Guiana envisages also the set up of financial instruments with a budget of EUR 10 million for research and innovation and support to entrepreneurship. 58 This is an EFSI project. More details are presented under the ‘European Investment Bank (EIB) Group and the EFSIʼ section of the present Staff Working Document. 19 The ERDF contribution in 2014 - 2020 is expected to achieve the following results: 8 772 businesses in all outermost regions and increase employment in the supported enterprises by 5 328 full-time equivalent. On research and innovation, 758 researchers are expected to work in improved research infrastructure facilities, 456 businesses will cooperate with research institutions, 229 enterprises are expected to introduce new to the market products and 466 enterprises will be supported to introduce new to the firm products. Additional 480 000 households are expected to have broadband access of at least 30 Mbps, the additional capacity of renewable energy production is expected to be 153.29 MW and the estimated reduction in greenhouse gas emissions is 432 117 tonnes of CO2. As outlined in the 2012 Communication, the European Social Fund (ESF) invested EUR 1.3 billion in the outermost regions during the 2007 - 2013 ***programming*** period. The objectives were to boost education, employment, skills and lifelong learning. Furthermore, in 2013, an additional allocation of EUR 180 million59 was made available through the Youth Employment Initiative (YEI) to implement the Youth Guarantee scheme. As regards the observed results of the ESF ***interventions***, the ‘Régiment du Service Militaire Adapté’ (RSMA) - a French social-professional military system project - was implemented successfully in all French overseas regions. The objective was to train young unemployed people and assist them to integrate into the job market. After participation, 29 % of them were in employment. In the Canary Islands’ ***programme***, more than 200 000 participants benefited from the ESF ***interventions***, approximately 2 000 businesses were created and 26 000 unemployed people found a job, after participating in active labour market policies. In Madeira, 39 % of young people who attended an information and career guidance session, found employment within 12 months after their participation in 2015. In addition, 83.6 % of the working population participated in actions of professional training. In the Azores, 57 % of the young people who completed the ‘transition to active life’ ***plan*** ***programme***, found a first job once the ***programme*** was completed: 16 974 persons participated in certification courses to improve literacy levels and basic qualification. In 2014 - 2020, the ESF investment has increased in all outermost regions to a total allocation of 1.8 billion. In addition, the YEI budget is approximately EUR 260 million60, expected to be further increased for all eligible regions, following the mid-term revision of the Multiannual Financial Framework in June 2017. The outermost regions will thus, benefit from additional resources. The main priorities of the ESF ***programmes*** in the outermost regions are promoting youth employment, fostering mobility of workers and trainees, supporting vocational trainings, reducing early school leaving, promoting lifelong learning, increasing social inclusion and enhancing the institutional capacity of public authorities and stakeholders among others. 59 The French outermost regions benefited from EUR 110 million (35 % of the YEI for France), the Portuguese outermost regions of 11.3 million and the Canary Islands of EUR 58.6 million. 60 The YEI total budget includes the budget earmarked to the respective regions from the national YEI ***programme*** and for Guadeloupe and Martinique, it also includes the YEI allocations in their regional ***programmes***. The amount includes the ESF matching part. 20 Some examples of the expected results are the following: an increase of 30 % by 2023 of the number of people placed in employment pathways in Reunion Island61, the support of 10 560 jobseekers in Guadeloupe, reduce school dropout rate by 30 % in French Guiana and 32 000 students completing their secondary education training, in the Canary islands. Furthermore, all ESI Funds support since 2014 the Community-Led Local Development strategies, which promote employment and labour mobility and have an important role in job creation by involving by local communities and organisations. Moreover, Integrated Territorial Investment strategies are also implemented to tackle urban and other complex territorial challenges. ***Agriculture*** and Rural Development The ***agriculture*** is a fundamental sector for the outermost regions both for the economy and employment. Together with forestry and fisheries, it represents on average 3.8 %62 of the economic activity and 5 % of the employment, with the Azores being, by far, the region where these sectors have a higher importance in both: 9.8 % and 13.8 %, respectively. Specific measures for ***agriculture*** have been implemented through the POSEI scheme under the first pillar of the common ***agricultural*** policy (CAP) and of Article 349 TFEU. Although some provisions of the POSEI scheme were revised in 2013, the general provisions of the scheme remained unchanged. It is financed by the European ***Agricultural*** Guarantee Fund (EAGF). The basic regulation63 sets an annual ceiling for each Member State64, with a total of EUR 653 million for all the regions. Two categories of measures have been implemented within the ***programmes***: the specific supply arrangements, to support the supply of ***agricultural*** products and the support to local ***agricultural*** production. The way POSEI is ***programmed*** offers Member States the flexibility to define their actions based on their needs, while at the same time responding to common overall goals. On 15 December 2016, the Commission adopted a report on the implementation of the 2006 - 2014 POSEI scheme65. The report recommends maintaining the current basic regulation and underlines that the POSEI ***programmes*** succeeded in addressing the particular ***agricultural*** challenges faced by these regions over the examined period. It further stresses that Member States should also take into account the results and the recommendations to further improve the effectiveness of the measures in their ***programmes***. In fact, this scheme is critical in reducing the difference in price of the supported products in the outermost regions compared to the European mainland and in maintaining the ***agricultural*** production activities. It contributes to the maintenance of production of both the traditional sectors for export, such as banana, milk, sugar, meat and wine and the diversification of 61 Under the Operation ***Programme*** Réunion- État. 62 1.6 % for the EU28 in 2014. 63 Regulation (EU) No 228/2013 of the European Parliament and the Council of 13 March laying down specific measures for ***agriculture*** in the outermost regions of the Union and repealing Council Regulation (EC) No 247/2006 (OJ L 78, 20.3.2013, p. 23). 64 French outermost regions: EUR 278.41 million, Canary Islands: EUR 268.42 million and Azores and Madeira: EUR 106.21 million. 65 See footnote 14. 21 productions for local consumption. The whole value chain was addressed through different support measures, including processing and marketing, although with a different balance for each outermost region. The POSEI ***programmes*** contributed to the overall objective of the CAP: viable food production, sustainable management of natural resources and balanced territorial growth. Without this scheme, the risk of ***agricultural*** production abandonment could negatively affect employment, environment or the territorial dimension of the outermost regions. There is a strong coherence between POSEI ***programmes*** and Rural Development ***Programmes*** (RDP). Numerous synergies have been identified (training, setting-up of young farmers and investments supported by RDP and production supported by POSEI). This is crucial to achieve the CAP objectives, given the strong interdependence between the two types of support. In the framework of the second pillar of the CAP, the rural development ***plans*** are financed by the European ***Agricultural*** Fund for Rural Development (EAFRD). These ***programmes*** were set up, in line with the analysis of the territory and the needs identified by the outermost regions. During the 2007 - 2013 and 2014 - 2020 ***programming*** periods, the outermost regions benefit from more advantageous EAFRD contribution rates (85 % of the eligible public expenditure) and higher support rates (for physical investments in farms and investments in forestry technologies). During the 2014 - 2020 ***programming*** period, these regions also benefited from more flexibility on how to ***programme*** their allocations in order to better adapt the ***programmes*** to their specific needs. In the 2007 - 2013 ***programming*** period, the RDP had to be structured in four axes: competitiveness in the ***agriculture*** and forestry sector; environment and countryside; quality of life in rural areas; and diversification of the rural economy, and LEADER approach66. The outermost regions allocated approximately half of the amount of EAFDR in the competitiveness axes, except the Azores and French Guiana (with a more balanced distribution between the competitiveness and environment axes and the competitiveness and quality of live axes, respectively). The total public expenditure for the outermost regions was EUR 1 738 million (EUR 1 285 million of EAFRD support). The main results were the installation of nearly 1 400 young farmers, the modernisation of 13 000 farms, nearly 11 000 farmers with agro-environmental commitments, the support for 250 tourist projects, more than 600 projects promoting basic services for the rural population, 650 projects preserving the natural and cultural heritage, the creation of 2 000 jobs in rural areas and the support to 27 local action groups under the LEADER approach. In the 2014 - 2020 ***programming*** period, the outermost regions adopted different strategies in their RDP, according to the five priorities stipulated in the Rural Development regulations67. 66 The LEADER (from the French ‘Liaison Entre Actions de Développement de l’Économie Rurale’) is an initiative to support rural development projects initiated at the local level aiming at revitalising rural areas and create jobs. 67 The RDP ***programmes*** addresses at least three of the following priorities: competitiveness, food chain and risk management, ecosystems management, resource efficiency and climate, social inclusion and local development. There is also a cross-cutting priority: knowledge transfer and innovation. 22 Some regions clearly favoured one or two priorities, like the Azores (ecosystems management and competitiveness), Madeira (ecosystems management), French Guiana (social inclusion and local development), Martinique and Mayotte (competitiveness). Others, like the Canary Islands, Reunion Island and Guadeloupe opted for a more even distribution of the financial allocations across all priorities (Figure 5). Figure 5 –Financial allocations of the European ***Agricultural*** Fund for Rural Development in the 2014 - 2020 ***programming*** period by investment priority. In all outermost regions ‘investments in physical assets’ is the main support measure in financial terms, with the exception of French Guiana, where the main support goes to basic services and village renewal in rural areas. In this regard complementary use of EARDF (LEADER included) and ERDF support for basic services helps to promote employment and sustainable growth. In the 2014 - 2020 ***programming*** period, the allocation to the outermost regions is EUR 1 494 million (EUR 1 896 million of total public expenditure). This amount will contribute to supporting: the installation of more than 1 000 young farmers; the training of 13 000 participants; the modernisation of 7 400 farms; 97 000 ha under management contracts to improve biodiversity; water management and soil management measures; 230 tourist projects; more than 200 projects promoting basic services for the rural population; 100 projects preserving the natural and cultural heritage; the creation of 1 200 jobs in rural areas (900 jobs through LEADER); and 28 local action groups. The EAFRD also contributes to the European Innovation Partnership for ***agricultural*** productivity and sustainability (EIP-AGRI)68 by supporting EIP operational groups. These groups are set up by actors such as farmers, researchers, advisers and businesses involved in the ***agriculture*** and food sector. The outermost regions propose to support 133 operational groups in their RDP. 68 The European Innovation Partnership for ***agricultural*** productivity and sustainability (EIP-AGRI) has been launched in 2012 to contribute to the European Union’s strategy ‘Europe 2020’ for smart, sustainable and inclusive growth. Different types of available funding sources can be used, such as EARDF and Horizon 2020. 23 For 2014 - 2020, the allocation from both CAP pillars amounts at EUR 6.1 billion. Between 2012 and 2016, state aid for a total budget of about EUR 200 million was approved for the outermost regions under the AGRI State aid guidelines. This shows the interest for and the importance of those aids in the relevant Member States. The state aid granted to the outermost regions has contributed to support and maintain employment and economic activities in territories facing significant additional costs compared to other areas. Fisheries The outermost regions' fishing sector consists mainly in small-scale vessels. Industrial and long distance fishing fleets are also based in these regions, supplying raw material to locally important fish processing industries. Stimulating the development of sustainable fisheries and aquaculture was a strong priority for the European Fisheries Fund (EFF) in the outermost regions during the ***programming*** period 2007 - 2013. As less favoured regions, they benefited from higher budget and higher public support rates. The EFF allocation to the outermost regions amounted at EUR 92.3 million, with a level of execution of 88 %. Additionally, EUR 104 million was available through a specific ‘compensation regime’ for some of the regions69. Under the 2014 - 2020 ***programming*** period, a specific financial envelope for compensation of additional costs in the outermost regions was included in the national ***programmes*** under the European Maritime Fisheries Fund (EMFF). This envelope may cover additional costs in the production, processing and marketing of fishery and aquaculture products in these regions. The financial allocation for the ‘compensation regime’, has been reinforced by 50 % for the Canary Islands, the Azores and Madeira, and by 150 % for the six French outermost regions. Geographic coverage was extended to all French outermost regions. This represents EUR 192.5 million for 2014 - 2020, roughly 9 % of the EMFF allocation to the three Member States. Moreover, the EMFF finances 100 % of the compensation ***plans*** and the maximum aid intensity (share of public funding in the total costs) for other EMFF measures in the outermost regions, at 85 %, is 35 percentage points higher than for other regions. The latter applies to all eligible measures (e.g support for young fishermen, investments on board in health and safety, investments in fishing ports, support for control and enforcement and for data collection) with the exception of engine replacement (30 %). On public aid for fleet renewal, which was allowed until 31 December 200670 in the outermost regions, a total of around EUR 110 million of EU funds were spent in vessels based in these regions, corresponding to a total investment of EUR 271.5 million between 1994 and 2006. 69 The ‘compensation regime’ in the 2007 - 2013 ***programming*** period covered only the following regions: Canary Islands, French Guiana, Reunion Island, Azores and Madeira. 70 Council Regulation (EC) No 639/2004 of 30 March 2004 (OJ L 102, 7.4.2004, p. 9), later extended to 31.12.2006 by Council Regulation (EC) No 1646/2006 of 7 November 2006 (OJ L 309, 9.11.2006, p. 1). 24 The new Common Fisheries Policy (CFP) adopted in 2013, also takes the specific situation of the outermost regions into account. It allows protecting the fishing communities by establishing an exclusive access zone up to 100 nautical miles from the baseline of the outermost regions, extending to all of them the protection mechanism already in place in the Azores, Madeira and the Canary Islands since 2004. In these zones, until 31 December 2022, the Member States can restrict fishing activities to vessels registered in the ports of these territories and to vessels that traditionally fish in those waters. In addition, the CFP envisages the creation of a new Advisory Council for the outermost regions designed to ensure the appropriate consultation of stakeholders from these regions on issues related to fisheries. To date, this new Advisory Council has not been set up, as the Commission has not yet received the necessary request from interested parties. As a way to stimulate economic growth and jobs creation in the fisheries sector, the Commission signed a grant agreement in 2016, with Guadeloupe as a coordinator. The pilot project on ‘Innovative, low impact offshore fishing practices for small-scale vessels in the outermost regions’ (EUR 1 million) aims to make easier the exchange of knowledge on eco-efficient fishing techniques, problems encountered and solutions adopted. The expected result is to promote the development of offshore fishing in all outermost regions by increasing their economic and environmental effectiveness, therefore facilitating alleviation of fishing pressure in the more coastal fish resources. On Sustainable Fisheries Partnership Agreements (SFPA), the specificities of the outermost regions are taken into consideration during the negotiations, with the objective of obtaining for the fleets of those regions a fair share in the fishing opportunities obtained through these agreements, taking into account the type of activity and characteristics of the vessels concerned. Understanding the blue economy requires detailed and continuous data collection to inform and help decision-makers and businesses to devise appropriate policies and strategies. While the Commission is working with Eurostat to develop economic indicators for the blue economy, so far these are only available at the national level and do not allow the identification and monitoring of trends in individual regions. Gaps still exist in the collection, storage and availability of data and information in the outermost regions, and for some territories, the required data are not available. In order to improve the knowledge in the fisheries sector specifically, the Commission has put forward a new data collection framework since 2016, which can help the outermost regions to improve their knowledge in this domain. To investigate the current state and the potential of the blue economy in the outermost regions and in the corresponding maritime areas, the Commission published a dedicated study in 201771. The main focus of the study is on the possibilities for outermost regions to complete their blue growth potential in a number of sectors, such as coastal and cruise 71 COGEA et al., ‘Realising the potential of the Outermost Regions for sustainable blue growth’, Publications Office of the European Union, 2017 -   [*https://publications.europa.eu/en/publication-detail/-/publication/029afe70-a725-11e7-837e-01aa75ed71a1/language-en*](https://publications.europa.eu/en/publication-detail/-/publication/029afe70-a725-11e7-837e-01aa75ed71a1/language-en) 25 tourism, fisheries, aquaculture, blue biotechnology, shipping (maritime transport, ports, ship building and repair) and blue energy. Preliminary results highlight the socioeconomic importance of traditional sectors like tourism, fisheries and shipping in all outermost regions. On the other hand, innovative activities such as aquaculture, blue biotechnology and blue energy emerge as promising sectors for the future. For example, Reunion Island has the potential to become an innovation and knowledge transfer hub for blue biotechnology in the Indian Ocean. Maritime policy The outermost regions have significant Exclusive Economic Zones that harbour unique marine biodiversity hotspots. However, they are also greatly affected by climate change and the rise in sea level is a major threat to their coastal ecosystems and economies. Hence, taking a cooperative approach to governance at the global level is fundamental for these regions. The joint communication of the Commission and the European External Action Service on ‘International ocean governance: an agenda for the future of our oceans’72 highlights that ‘the outermost regions, due to their contribution to the EU maritime dimension and to their position in the Atlantic and Indian Oceans, are important actors that can actively contribute to improved ocean governance’. On sea basin-strategies, the outermost regions in the Atlantic ocean (Macaronesia and Caribbean-Amazonia), are part of the maritime strategy in the Atlantic and of its corresponding action plan73. This ***plan*** was adopted in 2013 and it suggests concrete actions to support blue growth and jobs creation, namely trough the targeted use of ESI Funds and Horizon 2020. The strategy offers a framework for cooperation on issues from coastal tourism and fisheries to renewable energy, mineral seabed exploration and marine biotechnology. For these regions, the ***planning*** of their maritime space is essential to achieve sustainable blue growth. To support the related work of the Member States and their outermost regions in implementing the Directive establishing a framework for Maritime Spatial ***Planning*** (MSP), a call for proposals covering their geographical area was launched in 2016, aiming at supporting concrete actions in these regions, helping to build capacity for maritime spatial ***planning*** and to support cooperation across borders. Due to their geographic location, flexible provisions in eligibility criteria were envisaged for projects carried out in the outermost regions (i.e the participation of at least two Member States was not requested to those outermost regions that did not border other EU Member States). Following this call, two projects have been awarded in 2017. For both of them, the grant agreements are yet to be signed and it is foreseen that activities will start in the beginning of 2018. The first one intends to reinforce maritime spatial ***planning*** in the Macaronesian archipelagos (Azores, Madeira and Canary Islands), by assisting the competent authorities of Portugal and Spain to develop operative mechanisms for effective ***planning***. It will also help to reduce asymmetries in the implementation of maritime spatial ***planning*** in remote areas. 72   [*https://ec.europa.eu/maritimeaffairs/sites/maritimeaffairs/files/join-2016-49\_en.pdf*](https://ec.europa.eu/maritimeaffairs/sites/maritimeaffairs/files/join-2016-49_en.pdf) 73 COM(2013) 279 final, 13.5.2013 26 The second project, 'Ocean Metiss', is led by Reunion Island in the Indian Ocean. Supported by the intergovernmental organisation of the Indian Ocean State Islands74, the project will facilitate discussions and exchange of best practices in tackling issues of common concern related to the development of blue economy, exposure to natural risks, protection of the biodiversity and the ecosystem. On marine knowledge, the European Marine Observation and Data Network (EMOD-net)75 currently provides access to marine data concerning many diverse maritime themes (e.g costal mapping, seabed habitats, bathymetry) covering all regions. Relevant environmental data76 are also being assessed in the context of the Marine Strategy Framework Directive (2008/56/EC) and in particular, the marine strategies covering Macaronesia. Tourism Although tourism is an established area of activity for many outermost regions, there is still a potential for further development for most of them to build in particular on their unique natural and cultural assets by reinforcing or diversifying into new forms of tourism (such as yachting, pescatourism, whale watching or coasteering). In line with the Communication ‘A European Strategy for more Growth and Jobs in Coastal and Maritime Tourism’77, a study was published in 2016, on how to improve island connectivity and design innovative tourism strategies for (remote) islands. This study included some outermost regions as case studies: Lanzarote (Canary Islands) for Islands Connectivity and Reunion Island and the Azores for mass tourism destinations. The COSME78 ***programme*** has supported in the past five years the development and promotion of transnational thematic tourism products, in areas such as maritime affairs, culture, gastronomy, sports and wellness. Such examples are: the SUNRISE79 project to develop surf routes for tourism, coordinated by the University of Las Palmas de Gran Canaria (started in 2016); and the CurioSEAty project, to connect the market potential of water sports to the European maritime heritage, with the participation of the Madeira region. The ERDF also supported actions related to tourism trough the promotion of natural and cultural assets, protection and development of natural and cultural heritage and measures to improve tourism services. During the 2007 - 2013 ***programming*** period, the total spending amounted to roughly EUR 221 million, representing in average 5 % of the total financial expenditure under this Fund, a figure higher than the 2 %, spent in average at the EU level. A project financed by ERDF (EUR 13 million) in this field, was the Memorial ACTe –a Memorial to Slavery and the Slave Trade, which is expected to develop tourism prospects in Pointe-à-Pitre. 74 Mauritius, Comoros, Madagascar and Seychelles 75   [*http://www.emodnet.eu*](http://www.emodnet.eu)/ 76 Directive 2008/56/EC of the European Parliament and of the Council of 17 June 2008 establishing a framework for community action in the field of marine environmental policy (Marine Strategy Framework Directive) (OJ L 164, 25.6.2008, p. 19). 77 COM(2014) 86 final, 20.2.2014 78 EU ***programme*** for the Competitiveness of Enterprises and Small and Medium-sized Enterprises. 79   [*http://sunriseproject.org/about-us*](http://sunriseproject.org/about-us)/ 27 This sector continues to play a prominent role in the ERDF in the ***planned*** actions for 2014 - 2020. The development of endogenous potential is supported, in particular, with investments in equipment and small scale structures. About EUR 220 million are allocated in the outermost regions operational ***programmes*** for the development and promotion of: tourism potential in natural and cultural areas; public tourism services; and commercial tourism assets and services in SMEs. Given the importance of tourism in rural areas, the EAFRD also provides funding for activities in this sector, in particular for the development and promotion of rural tourism. In 2007 - 2013, most of the outermost regions incorporated in their rural development ***plans*** a measure to promote tourism activities. For both the 2007 - 2013 and 2014 - 2020, actions in this sector can be supported under different measures, such as support for basic services in rural areas, diversification of activities and also by local development projects developed in the framework of the LEADER initiative. Low-carbon economy The current share of renewable energy in electricity production varies among the outermost regions, ranging from 1.5 % in Saint Martin to 64 % in French Guiana. The higher percentages correspond to outermost regions with hydro and geothermal resources that are able to provide stable power supply. Several strategies and ***plans*** are being put in place for a transition to renewable sources and energy efficiency, such as the Reunion Island 100 % renewable electricity strategy (by 2030), based on the combined use of several renewable sources; the ***plan*** to increase by 30 % the renewable electricity in the Azores (by 2021); the Porto Santo (Madeira) smart fossil free island (in 20 to 30 years) and the development and expansion of geothermal energy in Guadeloupe and Martinique (by 2023). However, despite the ongoing efforts, all outermost regions are still heavily dependent on imported oil80. Figure 6 — Presence of different renewable sources in the electricity production in the outermost regions and share of the total renewable sources in electricity production.64 80 Source: Report of the expert group on energy in the outermost regions.   [*http://ec.europa.eu/regional\_policy/sources/policy/themes/outermost-regions/pdf/energy\_report\_en.pdf*](http://ec.europa.eu/regional_policy/sources/policy/themes/outermost-regions/pdf/energy_report_en.pdf) 28 The outermost regions could further explore ocean for power generation at a larger scale. Feasibility studies have been carried out on the potential of floating windfarms and of ocean thermal energy in Martinique, a pilot project has been implemented for a wave energy plant in the Azores, and seawater air conditioning is to be used in public buildings in Guadeloupe and Reunion Island. However, affordable and suitable technologies for the exploitation of blue energy under the oftentimes extreme weather and sea conditions in the outermost regions are missing, and marine renewable energy is still at a research and development stage. Approximately EUR 400 million of ERDF are available in the 2014 - 2020 ***programming*** period for the outermost regions in order to invest in renewable energies, smart grids, energy efficiency81 and promote sustainable multimodal urban mobility, including the shift towards a low-carbon economy. Around 32 % of this budget is allocated to promote energy efficiency (namely, trough renovation of public infrastructures and housing), demonstration projects and support measures for energy efficiency in SMEs and large enterprises. Canary Islands, Mayotte and Madeira, will direct more than half of their investments to this area. In the 2007 - 2013 ***programming*** period, the expenditure related to this objective in the operational ***programmes*** amounted at EUR 136 million, mostly dedicated to promote energy efficiency; co-generation and energy management; assistance to SMEs for the promotion of environmentally-friendly products and production processes; and clean urban transport. Transport is one of the biggest energy challenges in the outermost regions, as it represents more than half of their primary energy needs. For instance, under the 2007 - 2013 ***programming*** period, ERDF supported a project to promote a cleaner and more efficient urban transport system in Funchal based on the previous initiative CIVITAS Mimosa82. Following this initiative, other actions to promote electric mobility in Madeira are provided in the Civitas Project Destinations (2017-2019), supported by the Horizon 2020 ***programme***. With regard to European Regulations related to Energy Efficiency and Renewables, the three applicable Directives (Energy Efficiency83, Renewable Energy84 and Energy Performance of Buildings85 (EPBD) do not contain any specific measures for the outermost regions. In the first two, the targets are set at national level, while the EPBD requires that the whole territory of each Member State must comply with EPBD requirements ‘on a national or a regional basis’. The Clean Energy for All Europeans86 package (adopted in November 2016), is of interest for the outermost regions, in particular the promotion of local energy communities (Article 16 81 It includes also the sustainable multimodal urban mobility budget and the ETC allocated budget to this objective from the Caribbean ***programme***. 82 This project was the Award winner of Regio Stars Awards 2011 — Category 4 ‘City Star’. Integrated, clean urban transport projects.   [*http://ec.europa.eu/regional\_policy/en/projects/best-practices/portugal/2120*](http://ec.europa.eu/regional_policy/en/projects/best-practices/portugal/2120) 83 Directive 2012/27/EU of the European Parliament and the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC Text with EEA relevance (OJ L 315, 14.11.2012, p. 1). 84 Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC (OJ L 140, 5.6.2009, p. 16). 85 Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (OJ L 153, 18.6.2010, p. 13). 86 COM(2016) 860 final, Annex II, 30.11.2016 29 of the proposed Directive on common rules for the internal market on electricity87). The proposals on the energy communities recognise the growing phenomenon of the local citizens’ initiatives and aim to boost public acceptance for renewable sources of energy and to increase the uptake of new technologies in distributed generation and peer-to-peer electricity sharing. Moreover, this package included the ‘Action to boost the clean energy transition’. It identifies islands and island regions as platforms for pilot initiatives on clean energy transition and as potential showcases at international level. The outermost regions are presented as an example, illustrated by the case of El Hierro (Canary Islands), an island with 100 % renewable energy. Following on the commitment of holding a high level meeting on clean energy opportunities and challenges for islands, the Commission, with France, Portugal and Spain, together with other 11 EU Member States88, met in May 2017 and signed a political declaration launching the new ‘Clean Energy for EU Islands’ initiative. The aim is to help islands reduce their dependency on energy imports by making better use of their own renewable energy sources and adopt more modern and innovative energy systems. This declaration was followed by an inaugural Forum in September 2017 in Crete (Greece), where the outermost regions presented their initiatives and projects. The Energy and Environmental Aid Guidelines (EEAG)89 allow state aid for energy and environment purposes, under certain conditions. According to the EEAG, in assessing the national support schemes, the Commission will take into account the specific handicaps of ‘assisted areas’ which include the outermost regions. Also, the guidelines allow for higher aid intensities for some types of aid or for investments located in these areas. Finally, the GBER90 deems as compatible with State aid rules the energy infrastructure investments located in assisted areas, under certain conditions and up to a certain threshold91. Small and medium size enterprises, social entrepreneurship SMEs are vital for the outermost regions’ economy as they account for the majority of private sector jobs. The 2012 Communication recommended improving access for SMEs and social enterprises to EU funding, by creating, among other measures, microcredit financial instruments and local investment funds in each outermost regions. In the ***programming*** period 2007 - 2013, the ERDF financed around EUR 621 millions of investments in business support in the outermost regions. For the 2014 - 2020 ***programming*** 87 Proposal for a Directive of the European Parliament and the Council on the common rules for the internal market in electricity - COM(2016) 864 final, 30.11.2016 88 The other participating Member States in this initiative are Croatia, Cyprus, Denmark, Estonia, Finland, Germany, Greece, Ireland, Italy, Malta and Sweden. 89 Communication from the Commission 'Guidelines on State aid for environmental protection and energy 2014-2020' (OJ C 200, 28.6.2014, p. 1). 90 Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (OJ L 187, 26.6.2014, p. 1). 91 In accordance with point 46 of the EEAG, ‘assisted areas’ means areas designated in an approved regional aid map for the period 1 July 2014 to 31 December 2020 in application of Articles 107(3)(a) and (c) of the Treaty. 30 period, roughly EUR 900 million are allocated to boost the competitiveness of SMEs, which represents, on average, about 19 % of the total budget. Furthermore, the ESF supported measures to promote entrepreneurship in 2014 - 2020 in the Canary Islands, Azores, Madeira and Reunion Island. For example, the Canary Islands ***programme*** includes two actions to offer guidance and support services (training and mentoring) during and after the set-up of new businesses with a budget of approximately EUR 10 million. The Madeira 2014 - 2020 operational ***programme*** includes ESF ***interventions*** on promoting entrepreneurship by trainings on updating IT skills, promoting innovation business management and market knowledge skills. The Azores operational ***programme*** 2014 - 2020 includes similar measures, such as training and qualification actions to promote the modernisation of SMEs. In Reunion Island a project supported (with EUR 2.8 million) actions targeting businesses in difficulty, with the aim to create accompanying paths adapted to the needs of beneficiaries and offering favourable conditions for the creation, consolidation and recovery of the businesses. On 31 December 2016, about 5 080 SMEs from five outermost regions (Guadeloupe, Martinique, French Guiana, Reunion Island and Canary Islands) out of a total of 172 800 SMEs accessed financing with the support of the COSME Loan Guarantee Facility ***programme***. The overall volume of financing made available to these SMEs under this ***programme*** amounts to EUR 84.1 million92. The active participation of the outermost regions in the Erasmus for Young Entrepreneurs scheme under the COSME ***programme*** has been limited to Canary Islands since the ***programme*** initiated in 2009, although there are enterprises registered as hosts in other regions. Since the beginning of the ***programme***, a total of 131 entrepreneurs have registered and 39 participated. In order to stimulate participation from remote locations, like the outermost regions, changes have been made in recent years both to lift the overall amount and to ensure that entrepreneurs coming or going from this regions benefit from the maximum value. In 2014, the Commission launched two calls for proposals to establish the Enterprise Europe Network. The aim was to assist SMEs in finding business partners and better understanding EU regulations and access to funds. The second call of proposals was directed to regions where no coverage emerged from the first call, as was the case for most of the French outermost regions. In 2017, businesses from Reunion Island, Guadeloupe, Martinique, Madeira, the Azores and Canary Islands participate in this network. More recently, a study carried out by the Committee of Regions on ‘Entrepreneurship on islands and other peripheral regions’ (April 2017) highlighted the opportunities linked mostly to the territorial specificities and to the endogenous potential. Out of the six cases studies, two focused on outermost regions: Canary Islands and Reunion Island, with identification of best practices. The study highlighted the efforts made by the regions’ interested parties to exploit 92 Financing was possibly also made available to SMEs located in the French overseas collectivity of Saint Martin, specific data on the number of SMEs and volume of financing is however not available as included in the aggregated data for ‘Collectivités d’outre-mer’. 31 the full potential, diversify the economy and focus on knowledge-intensive, technology-based activities and emerging sectors such as carbon economy93. In the field of social entrepreneurship, the 2012 Communication referred to exploring the options presented by the Social Business Initiative, in order to create a favourable environment for companies whose first ambition is to tackle social needs. In that respect, dedicated investment priorities were proposed in the ERDF and ESF regulations for 2014 - 2020. As an example, the Madeira 2014 - 2020 operational ***programme*** includes measures to promote social innovation, crowdfunding and upgrading the business environment. Though this measure is not directly linked to social enterprises, social innovation is usually closely linked to social enterprises, as the latter constitutes one of the main instruments towards social innovation. Research and innovation The smart specialisation strategies developed at regional level provide a framework for identifying priority areas and activities in order to enhance the outermost regions’ innovation and competitiveness potential. Seven out of the nine outermost regions joined the Smart Specialisation Platform initiated by the Commission to support regions in designing and implementing their strategy and facilitate exchange of experiences. An analysis of the state of play of these strategies in 201794 underlined the opportunity they offer to those regions to promote their assets and capacities, in Europe and internationally. It also highlights the necessity that strategies continuously adapt to emerging markets and technological progress and the challenge in closely involving enterprises in this process. The EU supports the research and innovation capacities of the outermost region; for example, through the funding of research infrastructures, science parks, training initiatives and networking actions. This is done in particular through the ERDF ***programmes*** that allocated EUR 389 million in 2014 - 2020 to strengthening research, technological development and innovation. This amount, which represents around 8 % of the total budget is an increase compared to the 2007 - 2013 period, where the estimated expenditure was around EUR 262 million. The NONAGON95, a science and technology park in the Azores, the multipurpose technical-scientific service infrastructure PLOCAN96 in Canary Islands, the satellite monitoring centre in Madeira, the scientific centre ‘Canopée des sciences’97 in French Guiana, and the reconstruction of the Volcanological and Sismological Observatory of Martinique98, are examples of scientific and technological infrastructures developed with the support of the EU. Research and innovation is also a relevant component of the 2014 - 2020 ETC ***programmes*** of Madeira-Açores-Canarias (MAC) and Indian Ocean, with 25 % and 42 % of their budget 93 Entrepreneurship on islands and other peripheral regions, pages 48 and 65. 94   [*http://ec.europa.eu/regional\_policy/fr/information/publications/studies/2017/analyse-de-la-mise-en-oeuvre-des-strategies-de-specialisation-intelligente-dans-les-regions-ultraperipheriques*](http://ec.europa.eu/regional_policy/fr/information/publications/studies/2017/analyse-de-la-mise-en-oeuvre-des-strategies-de-specialisation-intelligente-dans-les-regions-ultraperipheriques) 95   [*https://nonagon.pt*](https://nonagon.pt)/ 96   [*http://www.plocan.eu/index.php/es/*](http://www.plocan.eu/index.php/es/) 97   [*http://www.ccsti973.fr*](http://www.ccsti973.fr)/ 98   [*http://www.ipgp.fr/en/ovsm/volcanological-and-seismological-observatory-of-martinique*](http://www.ipgp.fr/en/ovsm/volcanological-and-seismological-observatory-of-martinique) 32 respectively, ***planned*** for this objective. This is also a strong priority for the Atlantic Area programme99, where about 33 % of the funding is concentrated on supporting cooperation between research organisations, industries, social and public organisations. The 2012 Communication stated that the participation of the outermost regions in Research and Innovation networks is important in ensuring ‘smart’ growth. Horizon 2020, the EU Research and Innovation ***programme*** in 2014 - 2020, offers through calls for proposals the possibility for outermost regions to nurture their scientific excellence and innovation, including in ***agriculture*** and biodiversity which are of particular interest to those regions. The participation of these regions in the European research ***programmes*** is difficult to track with complete accuracy, given that the Commission research database100 only provides the name and location of the contracting entity and thus, identifying regional partners in projects proposed by national research institutions, which is often the case in France, is not straightforward. Since 2007, a rough estimate counts around 200 projects developed with the participation of outermost regions’ institutions since 2007, half of them already in Horizon 2020. However, in both framework ***programmes*** the majority of the funded projects are from the Canary Islands. Some interesting projects supported in the field of biodiversity are the following: - The NetBiome — CSA101 (2013-2016), with the objective to strengthen the cooperation for smart and sustainable management of tropical and subtropical biodiversity in the outermost regions and OCTs. The outcome of the NETBIOME led to the adoption of the pilot project on ‘Mapping and Assessing ecosystems and their ecosystem services (MAES) in the EU’s Outermost Regions and Overseas Countries and Territories’ by the European Parliament in 2016. - The BiodivERsA3102, a network of 32 EU funding agencies, including a few from the outermost regions103, aiming at coordinating national research ***programmes*** on biodiversity. It's task is to reinforce the outermost regions and OCTs’ research capacities on biodiversity and ecosystems. Since 2010, the network has published six joint calls104 for a total of EUR 95 million on various subjects related with biodiversity and ecosystems services. Being most of them islands territories; the blue economy is an important area for research activities in the outermost regions. For instance, under the first Horizon 2020 Blue Growth call for proposals, launched in 2014, the following projects were supported with the participation of research institutions from the outermost regions: 99 This ***programme*** covers in its geographical eligibility the Azores, Canary Islands and Madeira. 100   [*http://cordis.europa.eu/home\_en.html*](http://cordis.europa.eu/home_en.html) 101 The NetBiome — CSA followed up the ERA-net NETBIOME supported under FP6 -   [*http://www.netbiome.org*](http://www.netbiome.org)/ 102   [*http://www.biodiversa.org*](http://www.biodiversa.org)/ 103 Azores, French Guiana, Guadeloupe, Reunion Island and the Canary. 104 For the last two joint calls the network has been supported by Horizon 2020, through ERA-Net COFUNDS leveraging, EU H2020 and national funding provided by national funding agencies. 33 - TASCMAR105 (Reunion Island), to develop the bio discovery and industrial exploitation of novel marine and derived biomolecules (pharmaceuticals, nutraceuticals and cosmetics). - AtlantOS106 (Azores and Canary Islands), a flagship project aiming at establishing an integrated Atlantic ocean observing system, with 62 joining partners from 18 countries, in a transatlantic cooperation including the USA, Canada, Brazil and South Africa. - The MERCES107 project (Azores) aiming to improve our understanding of the changing interaction between humans, the environment and marine species. Other examples of projects with strong outermost regions participation are the following: - The VUELCO108 project (El Hiero, in the Canary Islands) provided considerable insight into processes that take place before and during volcanic unrest. - The MATRIX109 project developed methods and tools that account for interdependencies between the different hazards in order to generate more accurate and comprehensive risk assessments, leading to better mitigation and response ***plans***. - The URBAN WASTE110 project (the Canary Islands, Azores), aims to develop eco-innovative and gender-sensitive waste prevention and management strategies, in cities with high levels of tourism, in order to reduce the urban waste production and improve municipal waste management. - As part of the Biotechnology ***programme***, the AGROCOS project (2010 – 2014)111 aims to discover and carry to the stage of development candidates, from small molecules with good potential as new cosmetic and agrochemical agents, deriving from plants originating from major biodiversity hotspots in Europe, Africa, Latin America, and the Asia-Pacific regions. Furthermore, under the Framework ***Programme*** 7 (FP7), theme ‘Capacities’, two ***programmes*** were implemented: 1) the ‘Regions of Knowledge’112, aiming to stimulate cooperation between innovation clusters; 2) the REGPOT113, aiming to strengthen capacities of convergence and the outermost regions. 105 The project continues the work initiated in the AGROCOS project -   [*http://www.tascmar.eu*](http://www.tascmar.eu)/ 106   [*https://www.atlantos-h2020.eu*](https://www.atlantos-h2020.eu)/ 107 MERCES Marine Ecosystem Restoration in Changing European Seas -   [*http://www.merces-project.eu*](http://www.merces-project.eu) 108 VUELCO — Volcanic Unrest in Europe and Latin America, including Phenomenology, eruption precursors, hazard forecast, and risk mitigation. It was financed under the previous EU Research and Innovation Framework ***Programmes*** -   [*http://www.vuelco.net*](http://www.vuelco.net)/ 109 New multi-hazard and multi-risk assessment methods for Europe. The methodologies and approaches were tested in Germany, Italy and the French West Indies; each test case covering different natural hazards and potential variations of events -   [*http://matrix.gpi.kit.edu*](http://matrix.gpi.kit.edu)/ 110   [*http://www.urban-waste.eu/project-consortium*](http://www.urban-waste.eu/project-consortium)/ 111 Guadeloupe, Martinique and French Guiana were involved in the project -   [*http://cordis.europa.eu/project/rcn/94701\_en.html*](http://cordis.europa.eu/project/rcn/94701_en.html) 112   [*https://ec.europa.eu/research/fp7/index\_en.cfm?pg=know*](https://ec.europa.eu/research/fp7/index_en.cfm?pg=know) 113   [*https://ec.europa.eu/research/participants/portal/desktop/en/opportunities/fp7/calls/fp7-regpot-2012-2013-1.html*](https://ec.europa.eu/research/participants/portal/desktop/en/opportunities/fp7/calls/fp7-regpot-2012-2013-1.html) 34 These ***programmes*** were of particular interest for the outermost regions. However, some might have found difficulties in complying with the requirements to access the first programme114, although two of the projects coordinated by an outermost region were funded and successfully implemented (INRES115 and INTRAREGIO116). On REGPOT, although a final evaluation concluded on the overall success of the programme117, it also suggested that these regions would need a similar ***programme*** support, for at least one more period, to give sustainability to the obtained achievements. In 2012, the Commission launched a first pilot call on ERA Chairs Scheme118 open to research organisations located in less-developed EU regions or similar areas in countries associated to FP7. Institutions of two outermost regions (Madeira and the Canary Islands), were among the 11 selected out of 111 proposals. However, for the 2014 - 2020 ***programming*** period, ERA Chairs eligibility rules are based on the excellence composite indicators calculated at national level. According to this indicator, eligibility is restricted to the Member States that joined the EU after 2004 plus Portugal and Luxembourg119. As a consequence, Spain and France are not eligible to participate in this ***programme*** as coordinators. European Investment Bank (EIB) Group and the EFSI Under the EFSI, one of the three pillars of the Investment ***Plan*** for Europe, four projects benefiting the outermost regions have been signed: the bus transit system in Las Palmas120, the economic development risk-sharing instrument for overseas territories with the French Agency for Development (AFD)121, La Financière Région Réunion122, under the French regions’ SME ***programme*** and the improving and development of digital connectivity in Reunion Island and Mayotte.  The Las Palmas bus transit system (EIB finance of approximately EUR 50 million, to a total cost of approximately EUR 127 million) is expected to increase the capacity and improve the quality of service of the bus network. The project contributes to sustainable transport and climate change mitigation, in line with the EU’s objectives on climate action.  The economic development risk sharing instrument for overseas territories consists of an unfunded risk-sharing framework guarantee scheme for the Agence Française de Développement’s financing of investments in the French overseas departments. 114 The research-driven clusters must have been composed of at least three types of legal entities (legal entities conducting research, business entities and local/regional authorities) with the consortia of partners representing at least EU Member States and/or Associated Countries. 115   [*http://cordis.europa.eu/project/rcn/90156\_en.html*](http://cordis.europa.eu/project/rcn/90156_en.html) 116   [*http://cordis.europa.eu/project/rcn/101608\_en.html*](http://cordis.europa.eu/project/rcn/101608_en.html) 117   [*https://ec.europa.eu/research/regions/pdf/publications/regpot-final\_evaluation\_report.pd*](https://ec.europa.eu/research/regions/pdf/publications/regpot-final_evaluation_report.pd) 118 The ERA Chairs Scheme aims at enabling institutions to attract top academics so that they can compete with centers of excellence elsewhere in the European Research Area (ERA) -   [*http://ec.europa.eu/research/era/era-chairs\_en.html*](http://ec.europa.eu/research/era/era-chairs_en.html) 119 It includes as well eight of the non-EU countries associated to Horizon 2020. 120   [*http://www.eib.org/projects/pipelines/pipeline/20160323*](http://www.eib.org/projects/pipelines/pipeline/20160323) 121   [*http://www.eib.org/projects/pipelines/pipeline/20150363*](http://www.eib.org/projects/pipelines/pipeline/20150363) 122   [*http://www.eib.org/projects/pipelines/pipeline/20170340?f=search&media=search*](http://www.eib.org/projects/pipelines/pipeline/20170340?f=search&media=search) 35  The Reunion Island project for SMEs is expected to provide EUR 50 million of lending and investment to SMEs through a combination of EFSI and ESI Funds resources and, thereby, support the growth ambitions of entrepreneurs and small businesses.  In addition, the digital connectivity project recently signed under EFSI in 2017 (EUR 25 million of EIB financing), aims to modernise and develop the mobile network in Reunion Island and Mayotte, enabling the islands to move to superfast mobile broadband. Apart from EFSI-supported EIB ***interventions***, the EIB has also provided ‘standard’ loans on its own risk in the outermost regions such as the Electricity project in Madeira and the Azores and the Madeira post-floods framework loan. International trade agreements The Commission continues to take into account the outermost regions’ interests in trade agreements that have been negotiated and agreed with non-EU countries and groups of countries. Specific provisions relevant to the outermost regions have been included in trade agreements concluded with trade partners ***producing*** ***agricultural*** products that could directly compete with the outermost regions production. In trade negotiations (e.g with Latin America and with Vietnam) special protection has been given to sensitive ***agricultural*** products of the outermost regions and safeguard clauses have been included. On bananas, a special safeguard is provided under the free-trade agreements with some Latin American countries: a banana stabilisation mechanism (established until December 2019) can be activated in case of market disturbance. According to this mechanism, the Commission continuously monitors the EU banana market and carries out market analysis at regular intervals. If a serious disturbance of the EU banana market is found, an extension of the period of validity of the mechanism may be sought, subject to the agreement of the parties. On sugar, a special protection was granted in negotiations with different countries, including with Vietnam and Ukraine through the application of limited duty-free quotas. Moreover, the Economic Partnership Agreements (EPA) negotiations resulted in protection of the octroi de mer; protection of sugar and bananas from the outermost regions, and specific safeguard clauses, which the EU can activate to protect the outermost regions when a product imported from an African Caribbean Pacific (ACP) EPA country causes, or threatens to cause, serious damage or disruption. So far, the safeguard clauses were not activated (see Section 4.3). Impact Assessments and Evaluation The likely impacts on the outermost regions are assessed, when relevant, in the Sustainability Impact Assessments. However, estimating properly the possible impacts requires detailed and 36 timely data. Lack of information resulted in the past in re-opening trade negotiations, so as to include special protections for specific products from the outermost regions. Interested parties have at their disposal a range of tools that they can use to express their opinion since an early stage: they can participate in public consultations feeding into impact assessments and in ex-post evaluations and in the consultations carried out in the framework of the sustainability impact assessments during negotiations. Another tool that the Commission applied in 2016 and 2017 in the cohesion policy sector was the methodology of the ESPON TIA Tool123. The objective was to identify ex-ante potential territorial impacts of new EU legislations. This approach includes a workshop setting, where the experts can discuss on a set of indicators to establish potential territorial impact (economic, societal, environmental, governance) of an EU initiative. The results are fed into the ESPON TIA Quick Check web tool which combines the expert judgments with the sensitivity of regions into maps showing the potential territorial impact of EU policy on NUTS3 level. These maps serve as a starting point for further discussing the different impacts of a concrete EU policy on different regions. So, the experts participating in the workshop provide an important input for this quick check on potential territorial effects of an EU initiative. Thus, the participation of outermost regions’ experts and providing relevant data are of particular importance to identify the potential impact of EU policies on outermost regions. 4.3 Strengthening the regional integration Over the years, the Commission has been promoting a greater integration of the outermost regions in their regional neighbourhood and supported political dialogue and exchanges between the outermost regions and the neighbouring countries, including ACP countries and OCTs. The European Territorial Cooperation ***programmes*** (INTERREG) involving the outermost regions and their neighbours, the regional indicative ***programmes*** concerning the neighbouring ACP and OCTs countries funded by the European Development Fund (EDF) and the relevant EPA have been important instruments to support this process. In the 2012 Communication, the Commission argued for the establishment of regional neighbourhood ***plans***, ‘consistent with EU external policy objectives’. For this purpose, the Commission started a process with representatives from the nine regions, the three Member States and the Commission, gathered in the outermost regions’ working groups to establish, at technical level, a common framework for these regional neighbourhood ***plans***. This resulted in drawing a comprehensive set of measures and actions that could be taken at various levels for a better and deeper integration of the outermost regions in their respective neighbourhood. Moreover, in agreement with the outermost regions, it was decided that these ***plans*** would be established per geographical basin, and each region would select the actions to carry out in 123   [*https://www.espon.eu/main/Menu\_ToolsandMaps/TIA*](https://www.espon.eu/main/Menu_ToolsandMaps/TIA) 37 priority, adapting them on the basis of its specific situation and location. So far, the regional ***plans*** have not been established, however, the preparation of a common framework, intended to serve as a tool to support the regions in establishing their regional ***plans***. It triggered an important dynamic on the ***strategic*** discussion of the outermost regions development within their respective basins. The 2012 Communication also mentioned territorial cooperation as one of the aspects that had to be reinforced, ‘in order to improve competitiveness, trade and knowledge links with the neighbours’. In the 2007 - 2013 ***programming*** period, the European territorial cooperation ***programmes*** invested, with an EU contribution of approximately EUR 147 million, in four different cooperation areas: MAC124, Indian Ocean, Caribbean and Amazonia. For the 2014 - 2020 ***programming*** period, the EU support is of EUR 295 million and two new ***programmes*** were added (Mayotte - Comores and Saint Martin/Sint Maarten) to a total of six ***programmes*** concerning the outermost regions. On the Atlantic area, the scope of the Atlantic ***programme*** was broadened so as to cover the outermost regions of the Azores, Madeira and the Canary Islands. Figure 7 gives an overview on the main priorities of investment for the outermost regions territorial cooperation ***programmes*** in the 2014 - 2020 ***programming*** period. Figure 7 — Financial allocations of the European Territorial Cooperation ***Programmes*** in the 2014 - 2020 ***programming*** period by thematic objective. Interreg Cross-Border: Madeira-Açores-Canarias (MAC); Saint Martin-Sint Maarten (St Martin); Mayotte-Comores (Mayotte). Interreg Transnational: Caribbean; Indian Ocean Area, Amazonia. 124 Interreg V-A - Spain-Portugal (Madeira-Açores-Canarias). It should be noted that Canary Islands also took part in the cross-border cooperation ***programme*** ‘Spain — external borders 2008-2013’ with a EU support of approximately EUR 15 million. 0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100% MAC SMti - SMte Mayotte Caribbean Indian Ocean Amazonia Research & Innovation Competitiveness of SMEs Low-Carbon Economy Climate Change Adaptation & Risk Prevention Environment Protection & Resource Efficiency Network Infrastructures in Transport and Energy Social Inclusion Educational & Vocational Training Efficient Public Administration Technical Assistance 38 Amongst the many Interreg projects financed under the 2007 - 2013 ***programming*** period, some examples are listed below: - The CONNECTAFRICA125 project in the Canary Islands under the MAC ***programme***, aiming to improve the exchange between Tenerife (and in general the Canary Islands) with West Africa (Senegal, Mauritania and Cabo Verde) by specific lines’ connections, in addition to the ones offered already by the transport system. - A cooperation platform called PReRAD (in French ‘Plateforme Régionale de Recherche Agronomique pour le Développement’), a regional platform for agronomical research. - The ICT ‘Spany Est’ project, under the Amazonia ***programme***, which led to set up a cable connecting French Guiana and Amapa and therefore to reduce communication costs in the cross-border area. It should be noted that the number of joint projects (financed by EDF and ERDF) was overall limited. For the 2014 - 2020 ***programming*** period, further progress was made to enhance cooperation on the ground between the outermost regions and their neighbours. At the end of 2014, the Commission issued a guidance note to the EU delegations, the outermost regions’ managing authorities and the relevant stakeholders to facilitate cooperation between them and the neighbouring ACP and OCTs (EDF beneficiaries). A range of options that the managing authorities could use, under existing provisions, to improve cooperation with non-EU countries or territories were put forward. In the framework of INTERREG ***programmes***, platforms for the dialogue between EDF and ERDF authorities and beneficiaries have been set up in each outermost region basin, based on the example of the Indian Ocean Region where a regional operational platform for EDF-ERDF funding coordination already existed. Furthermore, in 2014 - 2020, the ***programming*** periods for the EDF and the ERDF have been aligned; a timing aspect which makes coordination easier. The EDF provides also support for regional integration and cooperation between the EDF beneficiaries and their neighbours, including the outermost regions. For instance, under the 10th EDF126, a project called ‘Wider Caribbean’, supporting the implementation of the EPA EU-CARIFORUM127, was implemented. The project aimed to develop the CARIFORUM capacity to deepen and widen cooperation, both among CARIFORUM countries, as well as with outermost regions present in the Caribbean. The proximity of the outermost regions with the EPA partners offers them new opportunities of partnership in their respective regions. The EPA for trade and development are an 125   [*http://www.pct-mac.org/registroficha?id=d0589ab6-7ea7-4c80-9467-329284bfe02a*](http://www.pct-mac.org/registroficha?id=d0589ab6-7ea7-4c80-9467-329284bfe02a) 126 Tenth European Development Fund as set up by the internal agreement between the Representatives of the Governments of the Member States, meeting within the Council, on the financing of Community aid under the multiannual financial framework for the period 2008 to 2013 in accordance with the ACP-EC Partnership Agreement and on the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the EC Treaty applies -   [*https://ec.europa.eu/europeaid/sites/devco/files/internal-agreement-10edf-2006\_en.pdf*](https://ec.europa.eu/europeaid/sites/devco/files/internal-agreement-10edf-2006_en.pdf) 127 CARIFORUM countries: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St Lucia, St Vincent and the Grenadines, St Kitts and Nevis, Suriname and Trinidad and Tobago -   [*http://ec.europa.eu/trade/policy/countries-and-regions/regions/caribbean/*](http://ec.europa.eu/trade/policy/countries-and-regions/regions/caribbean/) 39 important tool to deepen cooperation and exchanges. They aim at promoting trade and investment between the EU and the ACP countries on a stable and lasting basis. Specific articles in EPA texts provide for cooperation in different fields between the outermost regions and their ACP neighbours. In certain regions (CARIFORUM), the outermost regions participate to the EPA Committees while in others, the EPA have brought them closer to ACP countries (Reunion Island and Mauritius), becoming facilitating factors of regional integration. Between June 2012 and June 2017, all EPA have been negotiated and are (or about to be) in the process of being implemented. However, most of them are recent and given the duration of the transitional implementation periods, the main results are still to be seen in the future. 4.4 Fostering employment, education and social Inclusion As the previous analysis on the socioeconomic trends on the outermost regions demonstrated (Chapter 3), the unemployment is the main issue in these regions, in particular among young people (the average rate is double the EU-28 rate). Promoting sustainable and quality employment and supporting labour mobility Sustainable and quality employment is supported by ESF through the respective regional ***programmes*** in all outermost regions, with a total allocated budget of EUR 669 million (Figure 8). As an example, Madeira and the Azores invest, among others, in measures aiming to improve gender equality of job opportunities and promote self-employment. ERDF also supports investments in employment and labour mobility with a contribution of EUR 23 million in the regional ***programmes***. 40 Figure 8 — French, Spanish and Portuguese allocations in 2014 - 2020 (in million EUR) for the Thematic Objective on promoting sustainable and quality employment and promoting labour mobility The YEI aims to foster youth employment and includes among others training actions to improve employability; actions to reduce early school leaving; and ***interventions*** to promote cooperation with the metropolitan area. The ESF also supports measures to encourage mobility in different outermost regions, through regional ***programmes*** in 2014 - 2020. For example, in the Azores ***programme***, the ESF supports internships for young people in different European cities. Similarly, the Agency for Overseas Mobility128 supports the mobility of young people with trainings outside the French outermost regions. The Canary Islands ***programme*** supports a transnational mobility project to favour the labour market integration of the workforce on sectors with high-demand in jobs. Specific training will be also provided to participants (such as languages, job counselling and socio-cultural integration). On the EURES initiative, the Commission has taken into account the particular situation of the outermost regions in a call for proposals, launched in 2014, for targeted mobility schemes under your First EURES Job. Under this call, the initiative covered the costs of the projects (for example interview attendance costs, relocation costs, etc.). To make the movement of people in non-EU countries easier, the EU negotiated an EU-Cape Verde Visa Facilitation Agreement that entered into force on 1 December 2014. It facilitates EU citizens (including citizens from the Canary Islands, the Azores and Madeira) to travel to Cape Verde as well as citizens from Cape Verde to travel to the Schengen area. The outermost regions have set up in 2014 a network dedicated to fostering employment in their regions and exchange good practices. In March 2016, the Commission and the European Economic and Social Committee organised a seminar on employment to accompany the work of this network. As from the beginning of 2017, the outermost regions network has been supported by the INTERREG Europe ***programme***. Promoting social inclusion, combating poverty and any discrimination 128 L’Agence de l’Outre Mer pour la Mobilité. 41 The 2012 Communication highlighted that fighting poverty and enhancing social inclusion is one of the main priorities of the ESF for the outermost regions. For the 2014 - 2020 ***programming*** period, the ESF allocated a total of EUR 496 million to this priority (Figure 9). In addition, ERDF supports investments in this field with a contribution of EUR 317 million in the regional ***programmes***. Figure 9- French, Spanish and Portuguese allocations in 2014 - 2020 (in million EUR) for the Thematic Objective on promoting social inclusion, combating poverty and any discrimination Projects as the one implemented in Guadeloupe, by reinforcing street teams to accompany marginalised young people or those in great difficulty of labour integration, are among the examples of social inclusion actions. Another example is the project implemented in Madeira, where unemployed people with viable business ideas were assisted to create their enterprise, which in turn could contribute to the creation of employment through the recruitment of additional employees. Moreover, the ESF supports measures in favour of the inclusion of migrants such as the construction of shelters or the protection of women who are alone or accompanied by young children, in Mayotte. In particular, Mayotte and French Guiana have continued to face significant migratory flows. The outermost regions benefit of the financial support provided by the EU to face migratory flows and ensure secure conditions for social and economic development. In addition to the assistance provided by ESI Funds, the Asylum, Migration and Integration Fund (AMIF) supports actions regarding integration of migrants and return of persons in irregular situation. The Internal Security Fund (ISF) helps in strengthening operational capacities to prevent and fight against organised crime, including drug and arm trafficking. For instance, the ISF national ***programme*** of France for the 2014 - 2020 ***programming*** period contains a specific reference to the French West Indies regarding prevention and fight against organised crime. The 2012 Communication also underlined the need to improve healthcare infrastructure in the outermost regions: under the ERDF ***programmes*** in the 2007 - 2013 ***programming*** period, EUR 152 million were invested in healthcare infrastructures in most regions,. In Madeira, for example, a healthcare centre was built in Porto da Cruz (Centro de Saude do Porto da Cruz). In the Azores, EUR 40 million from ERDF was devoted to ***interventions*** in 14 health 42 infrastructures. This effort continues under the 2014 - 2020 ***programming*** period with the installation of eHealth equipment in all islands of the Azores, the construction of health centres for population with specific needs (elderly, disabled) in remote areas of the French outermost regions and the improvement of health infrastructures - including eHealth and transport between islands or between the islands and the mainland - in the Canary islands (with a budget of more than EUR 72 million). For this period, about EUR 161 million from ERDF are allocated to investments in healthcare infrastructures. Investing in education, training and vocational training for skills and lifelong learning Concerning education and training in both 2007 - 2013 and 2014 - 2020, the main objectives of the ESF support in all outermost regions are to reduce early school leaving and increase participation in higher education, lifelong learning and vocational education and training. For the 2014 - 2020 period, the ESF allocated a total of EUR 564 million to this priority (Figure 10). Furthermore, ERDF supports investments in this field with a contribution of EUR 266 million in the regional ***programmes***. Figure 10 — French, Spanish and Portuguese allocations in 2014 - 2020 (in million EUR) for the Thematic Objective on investing in education, training and vocational training for skills and lifelong learning Early school leaving is still a major challenge in many outermost regions, with levels far above the national and European average. Measures to combat early school leaving are implemented in all outermost regions with the support of ESF. In French Guiana, which is particularly affected by this challenge, measures under the ESF include the development of educational support and literacy modules in college, especially for young non-French-speakers. Reunion Island devotes 31 % of its ESF allocation to reduce the dropout rate and improve employability: the aim is to support 7 647 young people by 2023. In the Canary Islands, EUR 61 million are allocated in 2014 - 2020 to Vocational Education and Training (VET) ***programmes***, aiming to help students to complete their secondary education training ***programmes***. The ***programmes*** are implemented in sectors with high job creation perspectives, such as the ICT sector. In the Azores, in both 2007 - 2013 and 2014 - 2020, preventive measures to reduce early school leaving, to combat absenteeism, diversifying the educational 43 offer and offering an inclusive access to pre-school, primary and secondary educational levels are supported. On higher education, in the Azores for example, the ***programme*** supports students from a disadvantaged background to pursue a PhD in research and innovation and schemes to support the employability of young graduates. The ESF ***programme*** for the Canary Islands 2014 - 2020 will support PhD students receiving grants to complete their training ***programmes*** and to follow an International MBA ***Programme*** (budget of EUR 11 million). In Madeira in 2007 -2013, EUR 114.6 million were dedicated to education and training with a particular focus on certifying competences and knowledge. The number of young people with certification was 1 176 in 2015, while the number of adults certified through ‘Recognition, Validation and Certification of Skills’ (RVCC) processes was 2 895, overachieving the expected target. 7 893 students in total are in the process of skill recognition and validation and 5 383 apprenticeships are supported. The 2012 Communication stated that ‘the Erasmus+ ***programme*** will provide opportunities to support partnerships between business and education and training institutions (i.e universities, vocational training institutions) of the outermost regions and facilitate and promote the mobility of student and teachers to and from the outermost regions. The outermost regions' dimension has been taken into account under Erasmus+ in the following ways. In case of both higher education and vocational training (including adult education), there are special rules for both learners and staff: if the contribution to the travel costs covers less than 70 % of the real cost, then applicants can request a higher contribution, under the exceptional costs budget, covering up to 80 % of the eligible costs. As from the 2017 call, such possibility has been extended, in some cases, to those going to the outermost regions. Moreover, in the 2017 call, for beneficiaries travelling from and to regions which are far away (more than 8 000 km), the reimbursement of travel expenses has increased to EUR 1 300 (against EUR 1 100 previously). According to the latest data available, in 2014-2015 the number of participants (students, teachers and other higher education staff) under the Erasmus+ ***programme*** coming from the outermost regions was about 1 800 and the participants going to those regions were about 2 200. In addition, Erasmus+ supports the outermost regions through the international credit mobility (ICM) scheme. The ICM action is about student and staff international mobility (i.e between a ***programme*** country and a partner country) between 3 and 12 months to obtain credits in a host institution, which are then recognised by the home institution. In 2016-2017, seven higher education institutions from the outermost regions are involved in ICM, organising 276 mobility's, with financial support of approximately EUR 1 million in total. These institutions offer their students and staff the opportunity to participate in international learning mobility's, and also welcome students and staff from partner country higher education institutions129. 129 The Erasmus+ ***programme*** distinguishes ‘***Programme*** Countries’ and ‘Partner Countries’. ***Programme*** Countries are those participating fully in the Erasmus+ ***programme***. To do so, they have set up a National Agency and contribute financially to the ***programme***. The 33 ***Programme*** Countries are the 28 EU Member States and Iceland, Liechtenstein, 44 The 2012 Communication recommended that the Commission should seek to ensure access for the outermost regions to the EU’s future cultural policy ***programmes*** and initiatives in order to develop cultural and creative industries. However, nothing specific is registered at this level. 4.5 Mainstreaming climate change and protecting the environment The outermost regions are among the EU areas facing some of the most significant challenges related to climate change. In 2014, a study carried out for the Commission on the economic impact of climate change and adaptation in the outermost regions, identified significant risks for their ecosystems as a result of climate change130. This study helped to support the mainstreaming of climate mitigation and adaptation into the European Structural Investment Funds dedicated to those territories in the 2014 - 2020 ***programming*** period. Keeping in line with the EU goal for 20 % of the EU budget to be directed to climate change mitigation and adaptation, around 22 % of the budget was allocated to climate related expenditure in the EARDF and ERDF131 in the outermost regions for the 2014 - 2020 ***programming*** period. One example is the ERDF operational ***programme*** of Reunion Island, a region particularly exposed to climate related risks, where around 23 % of the allocation is related to this objective. Additionally, the European territorial cooperation ***programmes*** are used in particular to develop long-term strategies covering territories struck by the same climate related risks. The Caribbean area ***programme***, for example, envisages a comprehensive approach of cooperation on climate-related risk management. The rural development ***programmes*** also support the shift to low carbon and climate resilient economy in ***agriculture***, food and forestry sectors. Some examples of actions aiming at coping with climate change are the introduction of climate change resilient varieties of sugarcane, sustainable management of banana plantations to limit soil erosion (Guadeloupe) or strengthening the environmental functions of forests (Martinique). The outermost regions are home to a rich and valuable biodiversity, unique in the European context. The LIFE ***programme***, the EU’s funding instrument for the environment and climate action, has supported 21 projects in the outermost regions since 2012 concerning biodiversity protection or Natura2000, (6 in France, 10 in Portugal and 5 in Spain) for a total amount of EUR 26.8 million (EU contribution of EUR 15.1 million). Since the French outermost regions don´t have protected areas defined in the framework of the Birds and Habitats directives132, these regions cannot apply under the financial envelopes for LIFE Norway, the Former Yugoslav Republic of Macedonia and Turkey. Partner Countries are all other countries in the world, grouped together in different regions. 130 Final report ‘The economic impact of climate change and adaptation in the outermost regions’, 2014,   [*http://ec.europa.eu/regional\_policy/sources/activity/outermost/doc/impact\_climate\_change\_en.pdf*](http://ec.europa.eu/regional_policy/sources/activity/outermost/doc/impact_climate_change_en.pdf) 131 The EMFF budget is defined at national level is not possible to have the estimative for climate related expenditure specifically for the outermost regions. 132 The wild bird species naturally occurring in these regions, as well as other wild species and habitat types, are not included in the annexes of the Birds and Habitats directives listing the protected species and habitats. 45 Nature and Biodiversity priority area133, except under the thematic priorities for biodiversity. The climate action sub-***programme***, since it started in 2014, has supported one project with an outermost regions participant (Canary Islands)134. As an example, the project LIFE + Cap Dom, was selected as a LIFE Nature and Biodiversity ‘Best Project’ by the Commission, allowing exchange of good practice between French Guiana, Martinique and Reunion Island on techniques to protect endangered birds or methods of calculation and follow-up of more common birds, later adopted by other regions and OCTs. Two other project examples under this theme are the LIFE Terras do Priolo135, adopting conservation measures to protect one of Europe’s most endangered birds — the Azores bullfinch — and the LIFE+ Garajonay Vive, dedicated to the ecological restoration works on the Garajonay National Park and surrounding area following the forest fire in 2012136. On biodiversity and ecosystem services, the outermost regions have benefited since 2012 from six projects out of the 16 BEST projects funded under the two open calls for proposals (BEST 2011 and BEST 2012) in the frame of the BEST preparatory action137. The French Development Aid Agency (AFD) funded 2 additional projects in the French outermost regions from the reserve list proposals138 of BEST 2012. In the frame of the BEST III contract139, regional ecosystem profiles140 have been established in a participatory process, aiming at strengthening the efforts to support the conservation of biodiversity and the sustainable use of ecosystem services in the outermost regions and OCTs. These profiles provide valuable information, helping to define and prioritise needs and to ensure the financing institutions and private benefactors of the relevancy and added value of the projects they wish to support. Links between the BEST initiative and the structural funds have not yet been developed. In addition, the European Parliament adopted two further Pilot projects, one on the ‘Inventories of Species and Habitats in French outermost regions’ (EUR 1 million) in 2015, and another on ‘Mapping and assessing the state of ecosystems and their services in the outermost regions and OCTs’ in 2016 (EUR 1 million). In the framework of the first project, a call for ‘swift small grants’ in French outermost regions has been launched in 2017141. The Marine Strategy Framework Directive (MSFD) requires that EU Member States take the necessary measures to achieve or maintain the Good Environmental Status of the EU’s marine waters by 2020. This Directive applies in the Macaronesian region, namely on the waters surrounding the Azores, Madeira and the Canary Islands. Spain and Portugal have identified a number of pressures acting on the marine environment and have designed 133 Under the sub-***programme*** for Environment. 134 The Green Link, aimed at restoring desertified areas with an innovative tree growing method across the Mediterranean border to increase resilience, with the participation of an institution from the Canary Islands. 135   [*http://ec.europa.eu/environment/life/project/Projects/index.cfm?fuseaction=search.dspPage&n\_proj\_id=4740*](http://ec.europa.eu/environment/life/project/Projects/index.cfm?fuseaction=search.dspPage&n_proj_id=4740) 136   [*http://lifegarajonayvive.com/english*](http://lifegarajonayvive.com/english)/ 137   [*http://ec.europa.eu/environment/nature/biodiversity/best/projects/current/index\_en.htm*](http://ec.europa.eu/environment/nature/biodiversity/best/projects/current/index_en.htm) 138 Reserve list proposals are proposals which had passed the evaluation but which could not be funded because all budget available through the BEST preparatory action had been used. 139 To implement the third and last year of the BEST preparatory action an open call for tender was published in 2013 aiming to create a critical mass to achieve the transition towards a sustainable scheme. The BEST III contract is the outcome of this call for tender, which was won by a consortium led by IUCN. 140   [*http://ec.europa.eu/environment/nature/biodiversity/best/regions/index\_en.htm*](http://ec.europa.eu/environment/nature/biodiversity/best/regions/index_en.htm) 141   [*http://ec.europa.eu/environment/nature/biodiversity/best/funding/index\_en.htm*](http://ec.europa.eu/environment/nature/biodiversity/best/funding/index_en.htm) -   [*http://www.bestrup.org*](http://www.bestrup.org)/ 46 ***programmes*** of measures to tackle them, thereby allowing for the sustainable use of the marine environment. In the ***programming*** period 2014 - 2020, EUR 780.8 million are allocated in the ERDF regional operational ***programmes*** for the preservation and protection of the environment, promotion of the resource efficiency objectives and promotion of the climate change adaptation. Around EUR 125 million of this budget will be dedicated to measures related to biodiversity. The French outermost regions will concentrate a major part of their funding on waste management and the water sector, while the other regions will favour actions on biodiversity and nature (Canary Islands), support to resource efficiency in SMEs (Madeira) and adaptation to climate change and climate related risks (Azores). An additional EUR 99 million is available in this domain in the ETC programmes142. During the 2007 - 2013 ***programming*** period, the ERDF supported moreover environment-related actions with approximately EUR 1 billion. Drinking water management and distribution and water treatment represented strong priorities in this ***programming*** period, particularly for the French outermost regions. The Matiti’s water treatment facility, implemented in French Guiana, is an example of a project in this area. The promotion of natural assets in the Azores, risk prevention in Madeira and promotion of biodiversity and Natura2000 in the Canary Islands were also key priorities of investment in this domain. In the ***programming*** period 2014 - 2020, EUR 603 million of EAFRD143 are allocated in the Rural Development ***Plans*** of outermost regions to restoring, preserving and enhancing ecosystems and promoting resource efficiency related to ***agriculture***, food and forestry sectors. To achieve these objectives several measures are being implemented, such as training, advice, physical investments in ***agriculture*** and forest sector, agri-environment-climate measures, organic farming but also investments in basic services and cooperation. In the 2007 - 2013 ***programming*** period EUR 319 million of EAFRD144 were allocated to improve the environment and the countryside by measures such as agri-environmental payments, investments in forestry, forest environment payments and support for non-productive investments. Waste management is a challenging area for the outermost regions. Relevant investments, benefiting from EU funding, have been made in these regions, such as the Ecodec recycling centre in Guadeloupe to process tyres and plastics for reuse, or the waste processing centres in most of the Azorean islands. However, additional efforts and investments are required145. In the fight against Invasive Alien Species (IAS), the Regulation146 takes into account the specificities of the outermost regions by giving them the possibility to define their own list of IAS. On the basis of Article 6(2) of this Regulation the list had to be proposed by the Member State in consultation with the outermost regions. 142 This value does not include the budget available under the national Operational ***Programmes***, the Atlantic Ocean ***Programme*** and the technical adjustment [COM(2015) 320 final 22/05/2015]. 143 EAFRD allocated to priorities 4 and 5 in RDP 2014-2020. 144 EAFRD allocated to axe 2 in RDP 2007 - 2013. 145 Report of the expert group on green and circular economy in the outermost region:   [*http://ec.europa.eu/regional\_policy/sources/policy/themes/outermost-regions/pdf/green\_circ\_econ\_report\_en.pdf*](http://ec.europa.eu/regional_policy/sources/policy/themes/outermost-regions/pdf/green_circ_econ_report_en.pdf) 146 Regulation (EU) No 1143/2014 of the European Parliament and of the Council of 22 October 2014 on the prevention and management of the introduction and spread of invasive alien species (OJ L 317, 4.11.2014, p. 35). 47 The outermost regions are particularly vulnerable to natural disasters, while their geography and difficult topography hampers the ***intervention*** in the event of a major emergency. Decision 1313/2013/EU147 on a Union Civil Protection Mechanism148 provides financing for exercises and specifies, in the scope, the need to take into account the special needs of isolated, outermost and island regions. In 2017, an EU RICHTER-17 exercise took place, organised by France and funded by the EU: a violent earthquake and tsunami north of Guadeloupe was simulated, triggering the response of security teams from neighbouring countries of the region and the European Civil Protection Mechanism (EERC). In the EU Solidarity Fund revision of 2014149, the threshold to benefit from financial contribution in case of regional natural disaster, in terms of the direct damage occurred, has been reduced, compared to other regions, from to 1.5 % to 1 % of the regional GDP. Since 2012, the Fund has provided assistance at one occasion: a natural disaster in Madeira (fires in 2016) with EUR 3.9 million. Moreover, Regulation (EU) No 2017/1199 of the European Parliament and of the Council150 provides for specific measures offering additional assistance to Member States affected by natural disaster. Member States now have the possibility of introducing a separate priority for reconstruction and recovery projects supported by the ERDF within a ***programme***. Given the potential magnitude of the impact of such natural disasters, the ERDF can support such projects with limited national co-financing151. As the outermost regions are particularly exposed to the risk of natural disasters and climate change, this possibility could be of interest in the future. 147 Decision No 1313/2013/EU of the European Parliament and of the Council of 17 December 2013 on a Union Civil Protection Mechanism (OJ L 347, 20.12.2013, p. 92). 148 The Union Civil Protection Mechanism was set up to foster cooperation among national civil protection authorities across Europe and enable coordinated assistance to victims of natural and man-made disasters in EU, participating countries and elsewhere. 149 Regulation (EU) No 661/2014 of the European of 15 May 2014, amending Council Regulation (EC) No 2012/2002 establishing the European Union Solidarity Fund (OJ L 189, 27.6.2014, p. 143). 150 Regulation (EU) 2017/1199 of the European Parliament and of the Council of 4 July 2017 amending Regulation (EU) No 1303/2013 as regards specific measures to provide additional assistance to Member States affected by natural disasters (OJ L 176, 7.7.2017, p. 1). 151 The ERDF co-financing rate can go up to a maximum of 95 % and thus, the national co-financing can be at least 5 %. 48 4.6 Taxation and State aid Taxation The outermost regions have been benefiting from specific taxation regimes in favour of the competitiveness of their economies aiming to offset the permanent handicaps affecting their economic and social situation. The fiscal dock dues (octroi de mer) scheme in force in the French outermost regions (except from Saint Martin) provides for reductions or exonerations from the dock dues tax, subject to authorised limits, for a specific list of locally ***produced*** products so as to allow these products to compete with imported ones, given the additional costs incurred by companies in the outermost regions. The current dock dues regime is authorised by Council Decision 940/2014/EU152 until 31 December 2020. The AIEM (arbitrio sobre las importaciones y entregas de mercancías) is a similar tax scheme applied in the Canary Islands. In June 2014 the Council adopted Decision 377/2014/EU153 authorising the Spanish authorities to apply, subject to the authorised limits, reductions in or exemptions from the AIEM tax for a specific list of domestic products until 31 December 2020. In line with the relevant decisions, both regimes will be reviewed in the course of 2017-2018, following the submission of reports by national authorities indicating the impact of the schemes and their contribution to the development of local economic activities in the light of the handicaps affecting the outermost regions. On the basis of these reports, the Commission will submit a report to the Council and may decide to make proposals for adapting the provisions of the decisions at issue. Other specific taxation regimes targeting certain local products were revised in the last years, namely the reduced rate of excise duties for French rum in 2014 and the scheme for locally ***produced*** and consumed rum and liqueurs in Madeira and liqueurs and eau-de-vie in the Azores the same year. In 2017, following a request from the French authorities supported by a report justifying the adaptation, the Commission proposed to the Council the increase of the rum quota at a reduced rate of excise duties. France will send a report to the Commission by the end of 2017, enabling it to assess whether the reasons justifying this derogation still exist and whether the fiscal advantage is proportionate and sufficient to support a competitive cane-sugar-rum value chain in the concerned outermost regions. 152 Council Decision No 940/2014/EU of 17 December 2014 concerning the dock dues in the French outermost regions (OJ L 367, 23.12.2014, p. 1). 153 Council Decision No 377/2014/EU of 12 June 2014 on the AIEM tax applicable in the Canary Islands (OJ L 182, 21.6.2014, p. 4). 49 State aid In 2013, the Commission adopted new regional aid guidelines for the ***programming*** period 2014 - 2020. Regional aid intensities were lowered in all European regions, except in the most disadvantaged and outermost regions. In line with the provisions of Article 107(3)(a) TFEU, the 2014 - 2020 regional aid guidelines designate all outermost regions as ‘a’-regions154. As a result of their status as ‘a’ areas, outermost regions also benefit from a favourable State aid treatment in some other State aid areas (e.g companies in outermost regions qualify for increased bonuses for innovation aid). As in the past, operating aid can be granted to companies in the outermost regions under the 2014 - 2020 regional aid guidelines. To reduce the administrative burden on the national and regional authorities responsible for the outermost regions, the Commission introduced regional operating and transport aid provisions for outermost regions in the 2014 GBER. As a result, Member States could grant these types of aid to companies in the outermost regions without a need for ex-ante notification to and approval by the Commission. In 2017, the GBER was reviewed, extending the scope of the regional operating aid provisions of the GBER to cover undertakings of all sectors, including transport and energy, ***agriculture*** and fisheries, as well as businesses in difficulty. In addition, operating aid ceilings were increased significantly to ensure that all estimated additional costs of companies in the outermost regions (including additional transport costs) can be covered. The recent reform of the EU State aid regime under the State aid modernisation process (including the 2017 revision of the GBER) introduced changes to the specific rules affecting the outermost regions, The changes were made in full dialogue with the representatives of these regions and of the Member States concerned, accommodating their main concerns, in particular by the amendments introduced in the regional operating and investment aid rules. In addition to the extensive possibilities for aid for which no notification is required, the Commission has already approved several schemes providing further investment and operating aid to companies in the outermost regions. For example, in March 2017, the Commission approved support in the form of reductions of the dock dues tax, as compatible state aid on the basis of regional aid guidelines, considering that it promotes the development of Guadeloupe, French Guiana, Martinique, Mayotte and Reunion Island without distorting competition in the single market to an extent contrary to the common interest. 154 Areas fulfilling the conditions set out under Article 107(3)(a) TFEU. The guidelines stipulate what can be designated as ‘a’ area: NUTS 2 regions with a gross domestic product (GDP) per capita in purchasing power standards that is equal to or less than 75 % of the EU-27 average and outermost regions. 50 5. Conclusion Since 2012, significant progress has been recorded in several EU policy fields, in order to promote growth and employment in the outermost regions. Cohesion policy has played an important role in that respect, by supporting investments for a smart, sustainable and inclusive growth. In parallel, support to traditional sectors like ***agriculture*** and fisheries, essential for the societies of the outermost regions, has been provided. Specific measures have been maintained and new ones have been taken across many EU fields, including State aid, taxation, and other important sectors for the outermost regions' development. Despite the achievements, the specificities of the outermost regions were not always systematically taken into account or adequately reflected in the EU initiatives. There is the need to scale up efforts and better meet these regions' needs on the basis of a stronger ***strategic*** framework and a partnership enlarged to other EU Institutions and relevant actors. Although innovative practices and solutions are already being developed in many areas, research and innovation is fundamental for boosting business competiveness, helping the development of emerging sectors (such as renewable energies and marine bio-technology) and sustainable use of their unique assets. This requires reinforced efforts on education and professional training to equip people, in particular youth, with new skills and experience adapted to their local labour markets. There is also the need to further improve transport and digital connectivity. Deepening cooperation with their neighbours and other partners is an important avenue to follow for a better integration in their geographical context and create new opportunities in the neighbouring and international markets. Furthermore, improving climate change adaptation and protecting their rich unique biodiversity remain crucial for livelihoods and economy. The Commission will pay more attention in the future to the specific constraints of the outermost regions recalled in Article 349 TFEU and value better the extraordinary assets they offer to the EU. In particular, their specific interests should be better reflected upstream in the legislative process in the framework of the Better Regulation Agenda155. The Commission is committed to pursue its efforts and further maximise the potential of the outermost regions. The support of the partnership will be crucial in that respect. 155 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 'Better regulation for better results - An EU agenda' - COM(2015) 215 final, 19.5.2015 51 List of acronyms and abbreviations ACP — African, Caribbean and Pacific countries AFD — French Agency for Development BEST — Biodiversity and Ecosystem Services in Territories of European overseas CAP — Common ***Agricultural*** Policy CEF — Connecting Europe Facility CFP — Common Fisheries Policy COSME — Competitiveness of Enterprises and Small and Medium-sized Enterprises ***Programme*** EAFRD — European ***Agricultural*** Fund for Rural Development EAGF — European ***Agricultural*** Guarantee Fund EDF — European Development Fund ESA-IO RIP — Regional Indicative ***Programmes*** Eastern Africa and Indian Ocean EERC — European Civil Protection Mechanism EFF — European Fisheries Fund EFSI — European Fund for ***Strategic*** Investments EIB — European Investment Bank EIP — European Innovation Partnership EMFF — European Maritime and Fisheries Fund EPA — Economic Partnership Agreement EPAs — Economic Partnership Agreements ERDF — European Regional Development Fund) ESF — European Social Fund ESI Funds — European Structural and Investment Funds ETC — European Territorial Cooperation ETS — Emissions trading system EU — European Union EURES — The European job mobility portal GBER — General Block Exemption Regulation GDP — Gross Domestic Product ICT — Information and Communication Technologies INTERREG — European territorial cooperation ***programmes*** LNG — Liquefied natural gas MSP — Maritime Spatial ***Planning*** NEET — Young people no in employment not in training OCTs — Overseas countries and territories POSEI — ***Programme*** of options specific to the remote and insular nature of the outermost regions RDP — Rural Development ***Programme*** RDP — Rural Development ***Programmes*** SME –Small and Medium Entreprise TEN-T — Trans-European Networks TFUE — Treaty on the functioning of the EU TIA — Territorial Impact Assessments YEI — Youth Employment Initiative 52 Annex I — Geographical location of the outermost regions: lands of Europe in the World. 53 Annex II — European Union funding in the outermost regions European funding for the 2014 - 2020 period (million €) ERDF1 ESF2 YEI3, 4 EMFF EAFRD Region / Operational ***programme*** Specific allocation Classic measures5 Compensation ***Plan*** Canary Islands 513.6 484.1 162.4 117.2 22.0 60.9 157.5 Guadeloupe and St Martin (State)6 31.4 7.2 165.2 44.8 86.5 174.0 Guadeloupe 424.1 97 .8 84.5 22.0 Martinique 352.0 93.1 70.8 19.4 130.2 Martinique (State) 124.7 French Guiana 286.0 52.1 54.4 12 112.0 French Guiana (State) 83.9 Reunion Island 940.2 190.3 57.8 385.5 Reunion Island (State) 516.8 Mayotte 146.0 2.8 65.5 9.2 60.0 Azores 767.5 57.5 314.7 10.6 56.9 30.7 295.3 Madeira 216.2 58.2 129 11.8 14.5 179.4 Grand Total 3 677.0 1 043.1 1 771.9 260.0 123.7 192.5 1 493.9 Sources: Open Data Platform, for ERDF, ESF and EAFRD. 1 Regional Operational ***Programme***. The funding contribution from the national ***programmes***, namely for the Canary Islands, is not included. 2 The figures do not include the ESF amounts used for matching the YEI special allocation. These amounts are included in the column YEI. 3 The figures show the budget earmarked to the respective regions from the national YEI ***programme***. For Guadeloupe and Martinique, they also include the YEI allocations in their regional ***programmes***. All amounts include the ESF matching. 4 The YEI budget is expected to be further increased for all eligible regions, following the mid-term revision of the MFF in June 2017. 5 The allocations for the classic measures are based on informal communication by the Member States. The values presented are indicative and non-binding. Spain and France set-up national measures, covering also the outermost regions, which are not included in this Annex. 6 The ERDF allocation under this Operational ***Programme*** is devoted only to St Martin. 54 Source: Open Data Platform, except MAC ***programme***. POSEI The POSEI Scheme is financed by the EAGF. The financial annual ceiling for each Member State is laid down in Regulation (EU) No 228/2013. For all outermost regions, the total allocation amounts to EUR 653 million (EUR 4 571 million for 2014 - 2020). European Territorial Cooperation (INTERREG) funding for the 2014 - 2020 period (million €) Cross border Cooperation ***Programmes*** EUR Mayotte — Comores — Madagascar 12.0 Saint Martin — Sint Maarten 10.0 MAC 126.5 Transnational Amazonia 18.9 Indian Ocean Area 63.2 Caribbean Area 64.3 Annual allocations for POSEI ***programmes*** (million €) Spain 268.42 France 278.41 Portugal 106.21 Total 653.04

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[***From idea to implementation. Grupa Azoty closer to breakthrough technology solutions***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SF0-HWX1-JDVR-0236-00000-00&context=1516831)

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**Body**

From idea to implementation. Grupa Azoty closer to breakthrough technology solutions

Only five months after the launch of its innovation accelerator ***programme*** Idea4Azoty, Grupa Azoty has selected eight solutions with high implementation potential from among several dozen R&D projects submitted. A letter of intent has just been signed between Grupa Azoty and ScienceBioTech of Wroclaw, one of the ***programme*** entrants, to develop and implement a technology for ***producing*** modular plates to be used in osteotomies\*.

Conceived and launched by Grupa Azoty in November 2017, Idea4Azoty is the first such ***programme*** on the Polish market offering support for innovative projects at any stage of development. Projects submitted so far span a range of topics, from environmental protection and waste management, through biotechnology, IT and chemistry, to power and materials engineering.

Nine of them have been qualified for the next round, in which they will be assessed in terms of possible industrial application and economic viability. In addition, Grupa Azoty has decided to sign a letter of intent with ScienceBioTech, a start-up established by scientists from Wroclaw universities, working on a technology to ***produce*** modular osteotomy plates. This new solution is expected to replace the currently used techniques for stabilising fractured bones.

"Today, the strength of a modern business lies in its openness to innovation and courage to make innovative ideas a reality. Grupa Azoty does have that courage, as demonstrated by the letter of intent signed today with ScienceBioTech under the Idea4Azoty ***programme***. The intended partnership in work on a technology to ***produce*** osteotomy plates would open up prospects for Grupa Azoty to expand into new business areas, while truly contributing to the growth of innovation in Poland. I hope that the successful first months of our accelerator ***programme*** will encourage other innovators to enter their ideas, which may be brought to life in the future," says Wojciech Wardacki, President of the Management Board of Grupa Azoty S.A.

"Idea4Azoty gives firms like ours, coming from an academic background, an opportunity to get business interested in unique solutions and receive support in their commercialisation. Our mission is to help people recover faster, while preventing post-surgery pain and complications. We can do that with our innovative modular osteosynthesis plates, which can be arranged into any shape best fitting the bone fracture. Thanks to their use, the duration of a surgery may be shortened and patient recovery speeded up," says Malgorzata Cykowska-Blasiak, Vice President of ScienceBioTech.

Other projects submitted under the ***programme*** offered ideas for the Grupa Azoty Group's principal business in such areas as advanced materials, modern fertilizer products, as well as environmental technologies and solutions. The majority of the projects were created by small and medium-sized enterprises, followed by research institutes, start-ups, as well as individuals. The Wroclaw and Kraków provinces took the lead in terms of the number of projects submitted.

The innovation accelerator ***programme*** has also stimulated the process of consolidating the Group's own R&D activities. Representatives of the Group companies based in Tarnów, Pulawy, Kedzierzyn and Police now share information on their current research and ***planned*** joint projects. At present, they are working on a project developed from an idea submitted as part of Idea4Azoty to enable more effective use of urea-derived nitrogen during fertilizer application. This joint effort is being coordinated by the R&D function of Grupa Azoty Pulawy.

"The attractiveness of solutions submitted under Idea4Azoty and their sheer number show that a ***programme*** like that has been much needed to offer space where the needs of business could meet the potential of science. I would like to encourage academic and research institutions, as well as innovators, operating individually or in consortia, to submit their projects irrespective of how advanced they are. It is really worth the effort, as co-financing for a single project may reach up to PLN 20m. Other forms of support include mentoring, infrastructure, legal advice and the possibility of implementing the most unique and innovative solutions fitting in with the Grupa Azoty Group's areas of interest," emphasises Grzegorz Kadzielawski, Vice President of the Management Board of Grupa Azoty, responsible for R&D.

Intake for the ***programme*** is continuous. To register, go to [*www.idea4azoty.pl*](http://www.idea4azoty.pl).

The Grupa Azoty Group is the undisputed leader of the Polish fertilizer and chemical market and one of the key players in Europe. It is the second largest EU-based manufacturer of nitrogen and compound fertilizers, and its other products, including melamine, caprolactam, polyamide, oxo alcohols and titanium white, enjoy an equally strong standing in the chemical sector, with a wide range of applications in various industries. In May 2017, the Group unveiled its updated strategy until 2020. The key development areas cover completion of the Group's consolidation, reinforcing its leadership in ***agricultural*** solutions on the European market, strengthening the second operating pillar through expansion of the non-fertilizer business, as well as generating and implementing innovations to accelerate growth in the chemical sector. The Grupa Azoty Group is the integrator of Poland's chemical industry. By consolidating the plants in Tarnów, Pulawy, Police and Kedzierzyn, it has ensured that the key chemical companies have remained in Polish hands, while creating a number of cost synergies. By 2017, the consolidation of ***strategic*** procurement, production, maintenance, logistics and IT generated savings estimated at no less than PLN 710m. The integration has brought multiple benefits to the Polish economy, the Group as a whole, and its individual plants.

ScienceBioTech is a young innovative firm focused on combining modern medicine with unconventional engineering methods. It is run by an interdisciplinary team of passionate people, experts in their respective, mutually complementary fields.

\*) Osteotomy is a surgical operation to correct a fractured bone. Osteotomy plates are used to fix bones broken in an accident or intentionally during a surgical procedure. They stabilise the fractured area and bear the loads and mechanical stress until the bone heals.

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[***FEDERAL REGISTER: Records Schedules; Availability and Request for Comments Pages 37468 - 37470 [FR DOC # 2017-16890]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P80-9SF1-JDG9-Y0FH-00000-00&context=1516831)

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**Body**

Washington: Office of the Federal Register has issued the following notice:

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION [NARA-2017-059] Records Schedules; Availability and Request for Comments AGENCY: National Archives and Records Administration (NARA). ACTION: Notice of availability of proposed records schedules; request for comments. ----------------------------------------------------------------------- SUMMARY: The National Archives and Records Administration (NARA) publishes notice at least once monthly of certain Federal agency requests for records disposition authority (records schedules). Once approved by NARA, records schedules provide mandatory instructions on what happens to records when agencies no longer need them for current Government business. The records schedules authorize agencies to preserve records of continuing value in the National Archives of the United States and to destroy, after a specified period, records lacking administrative, legal, research, or other value. NARA publishes notice in the Federal Register for records schedules in which agencies propose to destroy records they no longer need to conduct agency business. NARA invites public comments on such records schedules.

DATES: NARA must receive requests for copies in writing by September 11, 2017. Once NARA finishes appraising [[Page 37469]] the records, we will send you a copy of the schedule you requested. We usually prepare appraisal memoranda that contain additional information concerning the records covered by a proposed schedule. You may also request these. If you do, we will also provide them once we have completed the appraisal. You have 30 days after we send to you these requested documents in which to submit comments. ADDRESSES: You may request a copy of any records schedule identified in this notice by contacting Records Appraisal and Agency Assistance (ACRA) using one of the following means: Mail: NARA (ACRA); 8601 Adelphi Road; College Park, MD 20740-6001. Email: [*request.schedule@nara.gov*](mailto:request.schedule@nara.gov) FAX: 301-837-3698. You must cite the control number, which appears in parentheses after the name of the agency that submitted the schedule, and a mailing address. If you would like an appraisal report, please include that in your request. FOR FURTHER INFORMATION CONTACT: Margaret Hawkins, Director, by mail at Records Appraisal and Agency Assistance (ACRA); National Archives and Records Administration; 8601 Adelphi Road; College Park, MD 20740-6001, by phone at 301-837-1799, or by email at [*request.schedule@nara.gov*](mailto:request.schedule@nara.gov) SUPPLEMENTARY INFORMATION: NARA publishes notice in the Federal Register for records schedules they no longer need to conduct agency business. NARA invites public comments on such records schedules, as required by 44 U.S.C 3303a(a). Each year, Federal agencies create billions of records on paper, film, magnetic tape, and other media. To control this accumulation, agency records managers prepare schedules proposing records retention periods and submit these schedules for NARA's approval. These schedules provide for timely transfer into the National Archives of historically valuable records and authorize the agency to dispose of all other records after the agency no longer needs them to conduct its business. Some schedules are comprehensive and cover all the records of an agency or one of its major subdivisions. Most schedules, however, cover records of only one office or ***program*** or a few series of records. Many of these update previously approved schedules, and some include records proposed as permanent. The schedules listed in this notice are media neutral unless otherwise specified. An item in a schedule is media neutral when an agency may apply the disposition instructions to records regardless of the medium in which it creates or maintains the records. Items included in schedules submitted to NARA on or after December 17, 2007, are media neutral unless the item is expressly limited to a specific medium. (See 36 CFR 1225.12(e).) Agencies may not destroy Federal records without Archivist of the United States' approval. The Archivist approves destruction only after thoroughly considering the records' administrative use by the agency of origin, the rights of the Government and of private people directly affected by the Government's activities, and whether or not the records have historical or other value. In addition to identifying the Federal agencies and any subdivisions requesting disposition authority, this notice lists the organizational unit(s) accumulating the records (or notes that the schedule has agency-wide applicability when schedules cover records that may be accumulated throughout an agency); provides the control number assigned to each schedule, the total number of schedule items, and the number of temporary items (the records proposed for destruction); and includes a brief description of the temporary records. The records schedule itself contains a full description of the records at the file unit level as well as their disposition. If NARA staff has prepared an appraisal memorandum for the schedule, it also includes information about the records. You may request additional information about the disposition process at the addresses above. Schedules Pending 1. Department of ***Agriculture***, ***Agricultural*** Marketing Service (DAA- 0136-2017-0001, 1 item, 1 temporary item). Case files of plant variety protection records, including certificates issued for intellectual protection and patents for new plant varieties. 2. Department of Defense, Defense Logistics Agency (DAA-0361-2017- 0005, 4 items, 4 temporary items). Records relating to the disposal of government property including contracts, bid sheets, correspondence, waivers, vouchers, and similar documents. 3. Department of Homeland Security, Immigration and Customs Enforcement (DAA-0567-2015-0012, 9 items, 8 temporary items). Records of office self-inspections, external party non-disclosure agreements, and investigations or inspections of security ***programs***, routine employee misconduct, mismanagement allegations, detention facility safety, and ICE employees testifying in criminal trials. Proposed for permanent retention are significant employee misconduct case files. 4. Department of Homeland Security, Immigration and Customs Enforcement (DAA-0567-2017-0001, 10 items, 10 temporary items). Master files of an electronic information system used to process, track, and store information about aliens who remain in the United States after receiving a final order of removal, deportation, or exclusion. 5. Department of Homeland Security, United States Citizenship and Immigration Services (DAA-0566-2017-0011, 8 items, 7 temporary items). Applications for asylum and cancellation of removal, and supporting documentation, when rejected for incorrect fees or non-sufficient funds, when having incomplete or missing signature(s), when abandoned, when denied, when terminated, when administratively closed, and when withdrawn. Proposed for permanent retention are applications for asylum and cancellation of removal, and supporting documentation, when approved. 6. Department of the Treasury, Bureau of Engraving and Printing (DAA-0318-2017-0003, 1 item, 1 temporary item). Intermediate-stage graphic image materials, such as printing plates and glass plate negatives, ***produced*** to enable the manufacture of currency and other products. 7. Department of Veterans Affairs, Veterans Health Administration (DAA-0015-2017-0001, 5 items, 5 temporary items). Records related to call centers and hotlines, including recorded calls, chat and texts, referrals, and follow-ups. 8. Department of Veterans Affairs, Veterans Health Administration (DAA-0015-2017-0002, 7 items, 7 temporary items). Records related to compliance audits, self-assessments, and training for privacy and freedom of information ***programs*** at agency facilities. 9. National Aeronautics and Space Administration, Agency-wide (DAA- 0255-2017-0010, 6 items, 6 temporary items). Records of the Export Control Office, including administration records, case records, transaction records, and shipping information. 10. National Archives and Records Administration, Government-wide (DAA-GRS-2017-0008, 6 items, 6 temporary items). General Records Schedule for records of three areas of agency accountability: Internal controls, mandatory reporting on administrative functions to external agencies, and interaction with the U.S Office of Special Counsel concerning allegations [[Page 37470]] and claims that fall under its jurisdiction. 11. National Archives and Records Administration, Government-wide (DAA-GRS-2017-0010, 20 items, 20 temporary items). General Records Schedule for records related to occupational and non-occupational health including occupational injury and illness ***program*** records, occupational health and safety training, workplace environmental monitoring and exposure, Safety Data Sheets, individual medical case files, non-occupational health and wellness ***program*** records, Employee Assistance ***Program*** (EAP) counseling, Drug-free Workplace ***Program*** records, and clinic scheduling. 12. National Archives and Records Administration, Government-wide (DAA-GRS-2017-0011, 2 items, 2 temporary items). Update to General Records Schedule for employee acquisition records adding job applicant drug test records. 13. National Archives and Records Administration, Government-wide (DAA-GRS-2017-0012, 5 items, 5 temporary items). General Records Schedule for records of rulemaking, agency copies of Federal Register notices, and agency input into the unified agenda. 14. Office of Personnel Management, Agency-wide (DAA-0478-2017- 0007, 1 item, 1 temporary item). Records related to merit system accountability and compliance including ***strategic*** ***plans***, policies, procedures, and general reports. 15. United States Agency for International Development, Office of Security (DAA-0286-2017-0001, 3 items, 3 temporary items). Master files of an electronic information system used to vet funding requests by individuals, businesses, and organizations. Laurence Brewer, Chief Records Officer for the U.S Government. [FR Doc. 2017-16890 Filed 8-9-17; 8:45 am] BILLING CODE 7515-01-P

**Load-Date:** August 15, 2017

**End of Document**



[***OPINION: Feeding the future***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S2R-VMF1-F17J-S26N-00000-00&context=1516831)

Asia News Network

September 29, 2017 Friday

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**Length:** 797 words

**Byline:** Anindita Sitepu

**Body**

“Who will be the farmers?” President Joko “Jokowi” Widodo recently inquired about the lack of interest of young graduates of the Bogor Institute of ***Agriculture*** (IPB) in taking up farming, when addressing their anniversary event. With our 260 million people, surely food security, the goal of all Indonesian leaders past and present, would require improved ***agricultural*** productivity? However, does ***agricultural*** production depend solely on ***producing*** more farmers? I am afraid it does not.

The world is changing economically, demographically, health-wise and also climatewise. To feed the projected 9 billion people sharing the planet in 2050, food production must be increased by 60 percent of where we are at now, according to the Food and ***Agriculture*** Organization.

However, the World Food ***Program*** reported in 2014 that 9.5 million children in Indonesia under 5 years old are malnourished. Overweight and obese adults have almost doubled in numbers in the last decade, resulting in a startling increase in non-communicable diseases.

Ironically, while 20 million Indonesians go to sleep hungry every day, 300 kilograms of food per capita is wasted each year. Many regions already suffering from high rates of hunger and food insecurity are predicted to experience the greatest decline in food production caused by a rapidly changing climate.

Paradoxically, our ambition to achieve high food output has placed great strain on natural resources. The ***agriculture*** sector is a major source of greenhouse gas emissions, where 20-30 percent of the total comes from the ***agriculture***, forestry and associated land-use sectors.

So how can we ensure food security and sufficient nutrition without compromising the social, economic and environmental conditions for future generations?

Innovation can break the systemic issue that is creating a vicious cycle: some of the problems in our current ***agriculture*** practices are intensifying climate change, while climate change affects food production.

Yet innovation hasn’t always been the trademark of this particular industry. In fact, overcoming reluctance to change and accepting how different the industry will have to look would be the first barriers to clear.

Now is the right time to embrace the opportunities of technological innovations. After all, in an era that primes technological advancements and related changes in the global economy, ***agriculture*** is not immune to the changes caused by digital disruption. We don’t all need to wield hoes to be farmers, do we?

Indonesian entrepreneurs and visionaries are already realizing the opportunities to improve the way we ***produce***, harvest, distribute and consume food.

Tunggul Dian Santoso, a graduate of Pratama Mulia Polytechnic in Surakarta, Central Java, has invented the Genitech, a solar-powered tool using ultrasonic waves to drive pests away from crops. Other than being more environmentally friendly than pesticides, the water-resistant tool also boosts rice crops.

Tanihub forms a digital platform to provide farmers with information on farming techniques and commodity prices. By improving access to information for farmers, they can improve the efficiency of their crop management. They also increase their bargaining power with middlemen.

Urban farming is a growing trend for citizens of densely populated cities like Jakarta where land availability is extremely limited. Communities are initiating vertical farming and hydroponic gardens, with local government support.

In fact, the capital’s municipality is ***planning*** a grand design for an urban farming ***program*** to meet food needs through local farmers.

Michelli Wirahadi, an interior design student from Petra Christian University in Surabaya, East Java, has invented a styrofoamlike product made from a compound of orange peel, turning waste into a functional object.

These promising technologies, among many others, are transforming every link in the food chain, from farm to fork. By providing space for innovations to shift the perspective on how our food is made, we can collectively realize our right to a healthy and secure food system. Only then will ***agriculture*** be able to do more with less: making food more accessible and available for all, while making sure the planet is in good care.

We need the farm of the future today. But first, we must ensure it is actually possible, by creating public policies supporting innovation and allowing multiple sectors to drive disruptive innovation.

More supportive policies, laws and public spending on infrastructure would help create a favorable investment climate for innovation.

Then President Jokowi need not question who will be the farmers.

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The writer is ***Program*** director at the Center for Indonesia’s ***Strategic*** Development Initiatives, Jakarta.

**Source:** The Jakarta Post (Indonesia)

**Load-Date:** May 11, 2018

**End of Document**



[***Register of Commission documents: Annex 1 to Commission Implementing Decision amending Decisions adopting the Turkish Cypriot community programmes for the years 2014, 2015 and 2016 Document date: 2017-07-26 COM-AC\_DR(2017)D051891-02 Comitology - Right of scrutiny***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PKK-HMD1-F0YC-N3JP-00000-00&context=1516831)

Impact News Service

September 28, 2017 Thursday

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**Length:** 6868 words

**Body**

Brussels: Public Register European Parliament has issued the following document:

EN

ANNEXI

The annex to Commission Implementing Decision C(2014) 9366 of 12 December 2014 adopting an Action ***Programme*** for the Turkish Cypriot community for the year 2014, as amended by Commission Implementing Decision C(2015) 9718 of 7 January 2016 and by Commission Implementing Decision C(2016) 6688 of 21 October 2016, is replaced in its entirety as follows:

Legal basis:

Council Regulation (EC) No 389/2006 of 27 February 2006 establishing an instrument of financial support for encouraging the economic development of the Turkish Cypriot community and amending Council Regulation (EC) No 2667/2000 on the European Agency for Reconstruction.

Work ***Programme*** for 2014:

|  |  |
| --- | --- |
| Beneficiary | Turkish Cypriot community |
| CRIS/ABAC Commitment references Total cost EU Contribution Budget line | PHARE/2014/031-615 / SCR.DEC.031615.01 PHARE/2014/037-817 / SCR.DEC.037817.01   EUR 32,960,000 EUR 32,960,000 22.03.01.00 C1 EUR 31,482,280.00 22.03.01.00 C4 EUR 1,446,907.21 22.03.01.00 C5 EUR30,812.79 |
| Management Mode/ Entrusted Entity | Direct management by the European Commission Indirect management by entrusted entity: UNDP ? part of Action 2 |
| Final date for concluding delegation agreements under indirect management | 31 December 2015 |
| Final date for concluding procurement contracts,grant contracts and delegation agreements | 3 years following the date of validation of the budgetary commitment |
| Final date for contract implementation | 6 years following the date of validation of the budgetary commitment, with the following exception:   7 years following the date of validation of the budgetary commitment for contracts for Koutsoventis/Güngör landfill works and supervision, where the works concerning infrastructures justify a longer implementation period. |

|  |  |
| --- | --- |
| Final date for ***programme*** implementation (date by which this ***programme*** should be de-committed and closed) | 10 years following the date of validation of the budgetary commitment. |
| ***Programming*** Unit | SRSS.05 Cyprus Settlement Support |
| Implementing Unit | SRSS.05 Cyprus Settlement Support |

* The ***Programme***

* Priorities selected under this ***programme*** and donor coordination

This ***Programme*** is for the continuing implementation of the Assistance ***Programme*** for the Turkish Cypriot community following the legal basis of Council Regulation 389/2006, the 'Aid Regulation', which establishes an instrument of financial support for encouraging the economic development of the Turkish Cypriot community. Between 2006 and the end of 2013, EUR 337 million was ***programmed*** for operations under this Regulation.

The Aid Regulation focuses on the economic integration of the island and on improving contacts both between the two communities and with the European Union in order to facilitate the reunification of Cyprus. The objectives, as laid down in Article 2, are:

* The development and restructuring of infrastructure, in particular in the areas ofenergy and transport, the environment, telecommunications and water supply;

1. The promotion of social and economic development including restructuring, in particular concerning rural development, human resources development and regional development;
2. Reconciliation, confidence building measures, and support to civil society;
3. Bringing the Turkish Cypriot community closer to the Union through inter alia information on the EU political and legal order, promotion of people to people contacts and Community scholarships
4. The preparation of legal texts aligned with the acquis communautaire for the purpose of these being immediately applicable upon the entry into force of a comprehensive settlement of the Cyprus problem;
5. Preparations for the implementation of acquis communautaire in view of the withdrawal of its suspension in accordance with Article 1 of Protocol No 10 to the Act of Accession.

The 2014 ***programme*** takes into account the resumption of settlement talks between the two communities after the Joint Statement of the two leaders of 11 February 2014. This was followed by high level contacts with the Commission and with the United Nations and completion, in April, of the review phase of the process, looking at previous negotiating positions. The Commission underlined that it is keen to play its part in supporting the negotiations and to offer all the support the parties and the UN find most useful. Under the assistance ***programme*** this includes anticipation of the need for implementation of the acquis following settlement andforconfidence building.

Support to the Technical Committee on Cultural Heritage and to the Committee on Missing Persons will continue, noting the good performance and significant delivery under both these ***programmes*** in 2013.

The choice of actions within the wide objectives of the Aid Regulation are made to maintain continuity with previous ***interventions***, ensure sustainability and tackle weaknesses in the preparation for acquis implementation while respecting absorption limitations on the side of the beneficiaries. Reconciliation and confidence building measures remain high priority along with readiness to support advances in the political process, including revision of the ***programme*** if the evolving political scene requires it.

The ***programme*** choices for 2014 take stock of input received from Turkish Cypriot stakeholders and from relevant evaluations and needs assessments conducted in 2012-13. The views of the authorities of the Republic of Cyprus were also taken into consideration.

There is urgent need to repair the Famagusta sewerage network system, following the December 2013 termination of the construction contract. It is essential that protective measures are taken and major defects corrected while dispute arbitration of the cancelled contract is running. Defects in the partially implemented works are both inconveniencing the local community and damaging the treatment plant. Another significant component of the 2014 ***programme*** is the second phase of the Koutsoventis/Güngör landfill, since the first 'cell', completed earlier, has almost been filled.

The multiannual perspective offered by the MFF 2014-20 offers the opportunity for more ***strategic*** ***planning***. In parallel, more systematic monitoring and performance evaluation is required and a new indicator set will be developed during 2014 to support the multi-annual perspective.

The Aid Regulation mentions other possible areas of ***intervention*** that are not targeted in the 2014 ***programme***, either because they are already addressed by previous ***programmes*** or do not immediately offer projects of sufficient maturity. There is no 2014 allocation for Aid Regulation Objective 4: Bringing the Turkish Cypriot community closer to the Union, since both the scholarship ***programme*** and the Infopoint information centre are already financed until 2016. The 2014 ***programme***, therefore, represents a concentration of effort, which will allow a more streamlined ***programme*** and contribute towards increasing the overall implementation rate.

The 2014 ***programme*** takes into account lessons learned from operational experience, from the 2009 and 2013 ***programme*** evaluations and from various 2012-13 sector assessments, the ECA performance audit[1] and from contract audits:

Achieving significant economic development is difficult under the current circumstances, given the local business, political and operating environment, although important contributions can be made to reconciliation, communicating EU values, social and environmental improvements and to modernised farming and other business practices. Economic convergence of the two communities is hard to achieve without the breakthrough in inter-communal contact that the political settlement would bring.

The Turkish Cypriot community struggles to put in place resources and structures for take-over and management of the investments made. This means that project follow-up, continued capacity building and, where appropriate, complementary investments are necessary to ensure sustainability.

Due to lack of experience of the beneficiaries, grant schemes have been difficult to implement, particularly those with an infrastructure component. A dedicated Project Management Unit (PMU) has been set up to assist grant beneficiaries. This PMU is based locally and makes frequent field trips to grant projects.

Apart from the EU assistance ***programme***, there is little donor ***intervention*** in the northern part of Cyprus. USAID has funded ***interventions*** in the economic sector and civil society. USAID funding for civil society is implemented via UNDP, which already carries out some of the EU-funded activities. USAID is, however, decreasing its assistance to the northern part of Cyprus and moving to a regional approach. The British High Commission has a limited ***programme***, recently on training of lawyers, and the British Council assists with language training and information on study possibilities. The EEA (Norway, Iceland, Liechtenstein) is supporting Cypriot civil society activities including inter-communal projects

* description and Implementation of the Actions

|  |  |  |
| --- | --- | --- |
| Action 1 | Social and economic development and infrastructure | EUR 17,220,000 |

(1) Description of the Action, objectives and expected results

The EU investments in infrastructure and social and economic development have been the major component under the Aid Regulation since 2006 with combined allocations of around EUR 240 million (about 70% of the total), covering an extensive range of activities in many sectors.The 2014 ***programme*** is very selective and concentrates on topics that need ongoing support, mainly wastewater and solid waste treatment.

Wastewater treatment

The water sector remains a critically important one, considering water scarcity on the island, deterioration of aquifer quality and the stipulations of the acquis requiring wastewater collection, treatment and discharge systems for population concentrations. Continued support to the water sector was one of the recommendations of the European Court of Auditors in 2012 and a sector assessment and technical workshops prioritised potential investments. The EU has funded much work in this area, with sewerage network replacement in main centres and three new wastewater treatment plants (WWTP) serving around 300,000 'population equivalents' i.e including commercial customers. The new, bi-communal Mia Milia/Haspolat outside Nicosia, handed over in 2013, was 70% funded by the Nicosia Sewerage Board and 30% funded under the Aid Regulation. The design phase for the return and re-use of treated water in the government-controlled areas was launched in 2014.

Work in Famagusta included both a new WWTP and a 47 km sewer network with seven pumping stations. The network has been laid, but serious defects, particularly at connection points have been found. Negotiation with the contractor to remedy this has not been successful and the contract was terminated by the Commission in December 2013. The dispute arbitration process continues in 2014.

The WWTP is accepting wastewater in the meantime, but is not yet handed over (mid-2014) and is suffering corrosion problems due to ingress of saline water into the network. The incomplete wastewater treatment in Famagusta is causing distress to the community. It is clear that the project must be completed and the WWTP brought to a status of efficient and sustainable operation. A further allocation is therefore required to cover immediate remedial works and supervision needs and also to provide resources to deal with the ongoing dispute settlement. A further phase will be necessary, before the system is complete, but additional financing will depend on the outcome of the continuing dispute settlement process. The 2014 resources include EUR 1 million from the cashed performance guarantees from the original works' contract.

The physical work to be undertaken includes design review, works and supervision. The activities will be re-excavation where CCTV or pressure tests indicate defects that cannot be repaired by lining the tubes, repair and connection as necessary of sewerage network. Attention will be given to correct completion of the house connections, where a large number of problems are already identified. After the repair, careful backfilling, compaction, closure and asphalting will be carried out.

Solid waste treatment

The northern part of Cyprus has a history of uncontrolled dumping of waste, scavenging by humans and animals, waste dump fires and environmental damage. Under the Aid Regulation, legal texts aligned with the acquis under the Waste Framework Directive 2008/98/EC have been drawn up for the purposes of these being immediately applicable upon the entry into force of a comprehensive settlement. Investments in physical waste management have also been made. A major dumpsite at Kato Dhikomo/Aşağı Dikmen was closed, covered and rehabilitated and a new landfill was constructed at Koutsoventis/Güngör. This is intended for all the solid waste of the northern part of Cyprus and a transfer station and trucks have also been provided. The landfill project was conceived with four phases. Phase 1, the major earthworks and the first cell of 62,500 m2 was already completed in 2011, but is likely to approach full capacity in 2015 and it is therefore necessary to implement Phase 2, which is the preparation and base sealing for a second cell of about 33,500m2. The expected operations are:

Design, works/supply and supervision for: removal of the temporary dam between cells 1 and 2 of the Koutsoventis/Güngör landfill; removal of the rainwater collection pond, levelling and compaction of the landfill base; construction of the base sealing system with drainage layer and enlargement of the leachate drainage pipe; supply and installation of degassing plant with blower and high temperature flare.

Support to veterinary health and ***agricultural*** data

These fields have major implications for consumer protection, food safety and Green Line trade. There are significant risks for the post-settlement period unless the Turkish Cypriot community is urgently brought up to EU standard in these areas. Activities are already underway for protection of animal health, eradication of animal diseases and disposal of animal by-products and carcasses, but the extent of the task is considerable and the beneficiary has substantial needs. An allocation is necessary under the 2014 ***programme*** to cover equipment and software requirements, including improvements to an animal Identification and Registration system and to a farm registry system, recording and tagging equipment, laboratory equipment, tools, vehicles. The aim is to have fully functioning and sustainable systems for recording and updating of animal and farm information.

Support to local communities

Bodies at local level have a significant stake and responsibility in local affairs and quality of life of local communities. This is especially important in the rural areas, where basic services are often poorly managed or non-existent. There is a framework of duties that include: health and social welfare, urban development, economic development, welfare and security, education-culture and tourism, ***agriculture*** and transport. Most of the local bodies do not have the capacities and the means to fulfil these duties. The Commission has already invested in ***strategic*** ***planning*** for the rural areas through the Local Development Strategies, in which the local bodies play a substantial role.Local communities will also need to understand their obligations under the acquis and be able to meet them and also to adapt to European initiatives such as the LEADER approach. Lack of resources often means that there is a struggle to maintain services and that badly needed investments have to be deferred or cancelled. Administrative and technical capacity is variable and there is and little opportunity for training.A Call for Proposals will be designed specifically to provide opportunities for investment in basic infrastructures and services linked to capacity building. It is expected that at least five local communities (out of the total of 28) will benefit.

Economic monitoring and studies

In parallel to the political settlement process, economic analysis and advisory services are required. The World Bank will be engaged under a PA (pillar assessed) Grant to collate and analyse macroeconomic data and ***produce*** regular monitoring reports, deliver financial and fiscal analysis and carry out studies on topics relevant to competitiveness, economic development and Green Line trade. Deliverables will be annual macroeconomic monitoring notes and study reports (indicative number: 4).

In addition, the 2014 ***programme*** will continue to helpenhance the capacity of the Turkish Cypriot community (TCc) to address challenges to economic development and implement the necessary reforms, and engage the expertise of the World Bank to build on the analytical and advisory work done so far and carry out the following additional tasks: (i) collect and analyse macroeconomic data and ***produce*** regular macroeconomic monitoring reports on aspects such as the economic cycle, the effects of currency appreciation or depreciation on domestic prices and the balance sheet, the trend in external imbalances, labour market trends, fiscal sustainability, and risks to the medium-term outlook; (ii) deliver financial and fiscal analyses looking into areas such as public investment management, macro-fiscal ***programming***, and access to finance by households and enterprises; and (iii) carry out studies on topics relevant to competitiveness, economic development and Green Line trade, such as the business environment and the investment climate in the TCc, education (including vocational training), the labour market and the ***agriculture*** sector. Details of the assignment to be concluded under a separate PA (pillar assessed) Grant will be confirmed in consultation with all relevant stakeholders during the contract preparation stage. Under this grant, it is expected that the World Bank will ***produce*** annual macroeconomic notes (indicative number: 2) and actionable reports/policy notes on identified key sectors of growth in the TCc (indicative number: at least 4). These analyses will contribute to a better understanding of the constraints impeding economic development and will contain options for reforms. Furthermore, the World Bank will support the implementation of the reforms by organizing various workshops aimed at building the capacity of relevant stakeholders in the TCc.

(2) Assumptions and accompanying actions

There are several specific issues that must be resolved and agreed by relevant Turkish Cypriot community stakeholders before the 2014 ***programme*** can be fully implemented:

* All potential property-related issues must be identified, including site access issues, ***planning*** consents and methods of working;

1. The relevant services must be engaged and committed to collaboration in relocation or rerouting of services, traffic by-passes etc.;
2. Arrangements must be put in place for separation, processing and disposal of green and construction waste to avoid overburdening the landfill;
3. An appropriate and continuous management contract for the Koutsoventis/Güngör landfill must be in place;
4. House connections to the sewerage network must be carried out in Famagusta;
5. Relevant macroeconomic and other data must be available to the World Bank for the implementation of its tasks.

(3) Essential elements of the action (for direct management)

Procurement:

* theglobal budgetary envelope reserved for procurement:

Global amount: EUR 5,820,000

* the indicative number and type of contracts:

2 works, 2 service and 1 supply contracts and 1 specific contract under global Framework contract

* indicative time frame for launching the procurement procedure:

Works: 1Q16, 2Q17;

Services: 1Q15, 1Q16;

Supply: 2Q17;

Specific framework contract: 1Q15.

Grant – Call for proposal:

* Objectives and foreseen results:

Local communities will be supported to make essential investments, provide improved services and develop capacity in areas including administration, financial and technical management.

* The essential eligibility criteria:

Applicants shall be established in the northern part of Cyprus.

Entities may be natural or legal persons.

* The essential selection criteria:

Financial and operational capacity of the applicant (sufficient capable staff).

* The essential award criteria:

Relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.

* Maximum rate of EU cofinancing:

The maximum possible rate of EU co-financing for grants under this call is 90 % of the eligible cost of the action.

* Indicative amount of the call: EUR 4,850,000

1. Indicative date for launching the call: 2Q16

Grant - Direct grant awards:

* Objectives and foreseen results:

Action 1: Analysis of economic data. Outputs will be: annual macroeconomic monitoring notes and study reports (indicative number: 4).

Action 2: Economic monitoring/strategy. Objectives pursued: (i) enhance local understanding of constraints impeding economic development; (ii) identify options for necessary policy reforms; and (iii) provide support to build capacity for the implementation of these policy reforms. Expected results: (i) identification of the constraints faced by the TCc in improving policies in various sectors (including fiscal policy) as well as in improving overall policy coordination; (ii) suggestions for enhancing the capacity of the TCc to address these constraints and implement the necessary reforms; and (iii) capacity-building and concrete support for implementation. Outputs will be: annual macroeconomic notes (indicative number: 2) and actionable reports/policy notes on identified key sectors of growth in the TCc (indicative number: at least 4).

* Justification for the use of an exception to calls for proposals:

In line with the Rules of Application, Article 190(1)(f), twodirect award grantsare foreseen, because the work requires a sensitive interaction with the beneficiary and collection and analysis of data of a sensitive nature. It is likely that calls for proposals would result in grants award unacceptable to the project beneficiary. A body of respected international standing is therefore needed for the grant implementation. Besides this, the work is very technical in nature and reporting and analysis to World Bank standards is required for compatibility with past and ongoing work. In parallel, the World Bank is working on similar issues with the Republic of Cyprus and will also work on issues supporting the settlement.

The Financial Regulation foresees engagement of international organisations by direct management for tasks not involving budget implementation. The mechanism proposed for implementing this is the use of pillar assessed (PA) direct grants.

* The name of the beneficiary:

The World Bank Group

* The essential selection criteria are financial and operational capacity of the applicant.

* The award criteria:

Relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.

* Indicative amount of the grants:

Action 1: EUR 1,750,000 Action 2: EUR 4,800,000

* Maximumrate of EU cofinancing:

The maximum possible rate of EU financing will be 100% of the total cost of the action. Full financing of the actions is essential for the actions to be carried out and is justified in view of the engagement of the World Bank on a parallel, but complementary ***programme*** in support of the Cyprus settlement process and for sector studies for the Republic of Cyprus. This parallel ***programme*** is financed through World Bank and other donor resources.

* Indicative date for signing the grant agreements:

Action 1: 1 July2015

Action 2: 1 September 2017

|  |  |  |
| --- | --- | --- |
| Action 2 | Reconciliation, confidence building | EUR 5,400,000 |

(1) Description of the Action, objectives, expected results

The reconciliation and confidence building actions is a centrepiece of the assistance given under the Aid Regulation and are highly visible and significant vehicles for intercommunal collaboration.

Reconciliation and confidence building measures

Central to the overall objective is the restoration of trust between the two communities and re-establishment of working relationships. In 2008, the leadership of the two communities in Cyprus agreed on the establishment of working groups and Technical Committees, which have been establishing a track record of cooperation. As hopes for a settlement of the Cyprus problem rise, stimulation of, and assistance to these Technical Committees and to other bi-communal and 'whole island' actions can have a catalytic effect.

There are some areas of great sensitivity, in which scars remain, even after 40 years, most notably that of the 'missing persons'. This, together with support for cultural heritage protection, will form the elements of the confidence building activities in the 2014 ***programme***.

The EU supports the Committee on Missing Persons (CMP) in establishing the fate of those persons declared missing by both communities as a consequence of the tragic events of 1963-64 and 1974. The Committee has no mandate to establish the cause of death or attribute responsibility. The CMP aims to bring a sense of closure to their families and end a painful chapter in the history of the island. This is further encouraged by the participation of bi-communal scientific teams at all stages of the process e.g in undertaking awareness sessions on the CMP in high schools in both communities. The CMP has overcome bottlenecks encountered in past years: it has doubled the laboratory capacity for anthropological identification; it has contracted the International Committee on Missing Persons (ICMP) for DNA analyses at the ICMP facilities in Bosnia and Herzegovina to speed up DNA analysis; it has hired an identification coordinator to accelerate the cooperation between the teams in the project and, importantly, some progress has been made in obtaining access to areas under Turkish military control. The year 2013 was the most successful so far with 140 individuals identified and returned to their families. Up to February 2014, the remains of 1040 individuals had been exhumed and 479 identified and returned to their families. The EU is the main, but not the only donor to the CMP. In its report on 8 October (SWD(2014)307), the Commission noted that the process of granting the Committee full access to all relevant archives and military areas needs to be expedited.

Activities will be identification of new burial sites of the 'missing', exhumation of remains, analysis at the anthropological laboratory, identification by DNA and return of remains to relatives. At the same time, CMP is used as a vehicle for developing bi-communal cooperation and its work should continue to be facilitated. Technical capacity will be developed through experience and contacts with international experts. The CMP strategy will be communicated and community support and partnerships developed.

The bi-communal Technical Committee for Cultural Heritage (TCCH) created a platform for work on the protection of the cultural heritage island-wide. A 2010 study, requested by the European Parliament, examined conditions and estimated restoration costs and an inventory of approximately 2800 sites was made. Around 250 sites were ranked and about 120 detailed technical assessments were made. EU contributions under the Aid Regulation started in 2011 and, as the ***programme*** speed and achievements have increased, its value for reconciliation has become more apparent. Not only are historic sites salvaged and restored, but they have been brought back to life and the level of interest and bi-communal engagement has been high. The year 2013 was particularly successful with the completion of projects for Melandrina Church, Profitis Elias Church, Panagia Church and Denya Mosque. Various project events have been organized and increased the ***programme*** visibility.

The TCCH agreed a list of 23 priority monuments (churches, mosques and others) to be renovated. The assistance ***programme*** is working according to this list, but the choice of projects depends on the condition of the monument at the relevant time and the wishes of TCCH.The cultural heritage project also includes a public awareness component.

The Cultural Heritage and CMP projects will be implemented through indirect management by UNDP according to Article 58(1)(c) of the Financial Regulation.

Support to civil society

Direct connection to citizens through civil society organisations is important for the EU in its mission to spread European values of freedom, equality, respect for human rights etc., to develop pluralism and promote participatory democracy. Four grant schemes have been run under the Aid ***Programme*** so far. It is apparent from applications for the last scheme, launched in 2013 that there is good potential for a further campaign of grants, particularly for actions covering social dialogue and advocacy, awareness raising/social mobilisation and service provision. A new grant scheme will be run, with the aims of:

* establishment of platforms, networks, coalitions, formal civil society groups;

1. establishment of capacity building mechanisms;
2. promotion of links and partnerships with international Civil Society Organisations;
3. enhancement of advocacy and involvement in policy design of citizens advocacy groups in thematic fields such as health, environment, gender, good governance, democratisation;
4. development of awareness-raising campaigns to sensitise the population and induce social change;
5. service provision in social sectors.

 (2) Assumptions and accompanying actions

It is assumed that grant applications of sufficient quality will be generated. There are no accompanying actions specified, since activities are bi-communal (cultural heritage protection) or are aimed at civil society groups.

(3) Entity entrusted with budget implementation tasks

UNDP, as a UN agency, has a unique trusted, neutral role and facilitator of the settlement process. The Technical Committees, through which the Confidence Building projects are steered, were set up under the auspices of the UN. The projects (Committee of Missing Persons and Cultural Heritage Protection) involve dealing with delicate sensitivities of both communities.

The UNDP has considerable and current expertise of both the CMP and the cultural heritage protection role in Cyprus. Up to and including 2013, allocations were made for 7 Contribution Agreements (CAs) with UNDP for the CMP and 3 CAs with UNDP for the support to the preservation of cultural heritage. UNDP has a good track record in the implementation of these CAs and has built up a high level of efficiency, considering the particular circumstances of the implementation. The year 2013 ***produced*** strong results in both projects.

The UNDP is a very financially secure international organisation.

(4) Short description of the budget implementation tasks entrusted to the entity

Two Delegation Agreements are ***planned*** to be signed. One for the Committee of Missing Persons (indicative amount EUR 2,600,000 4Q14) and another for the Cultural Heritage Protection (indicative amount EUR 1,800,000 2Q15). The tasks entrusted will be project management, procurement, monitoring, payments, audit and evaluation.

(5) Essential elements of the action (for direct management)

Grant – Call for proposals:

* Objectives and foreseen results:

Civil society organisations will be supported to spread European values of freedom, equality, respect for human rights etc., to develop pluralism and promote participatory democracy.

* The essential eligibility criteria:

Applicants shall be established in the northern part of Cyprus.

Entities may be natural or legal persons.

* The essential selection criteria:

Financial and operational capacity of the applicant (sufficient capable staff).

* The essential award criteria:

Relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.

* Maximum rate of cofinancing:

The maximum possible rate of EU co-financing:

95 % of the eligible cost of the action.

* Indicative amount of the call: EUR 1,000,000

1. Indicative date for launching of the call for proposals: 1Q15

|  |  |  |
| --- | --- | --- |
| Action 3 | Preparation for the implementation of the acquis | EUR 6,300,000 |

(1) Description of the Action, objectives, expected results

The Aid Regulation specifically foresees assistance to prepare for the implementation of the EU acquis and for the preparation of legal texts aligned with the EU acquis to be immediately applicable upon the entry into force of a comprehensive settlement of the Cyprus problem. The pace and developments in the settlement process will determine the need and shape the priorities in this respect.

In addition, the Commission is required to provide continued support for the implementation of Council Regulation 866/2004[2] (the Green Line Regulation) and Commission Regulation 1480/2004[3], thereby supporting the economic integration of the island.

The TAIEX instrument is used for these activities and delivers: seminars and conferences; workshops; expert missions; study visits to EU Member States; mobilisation of longer-term experts; provision of tools and information products for, among others, translation and interpretation activities; and co-ordination and monitoring, in close co-operation with Member States and Commission services.

The TAIEX operations also support attainment of the remaining objectives of the Aid Regulation, with activities in many fields including environment, phytosanitary and veterinary health. TAIEX transfers technical know-how and underpins and complements the other actions in the ***programme***. Furthermore, by increasing Turkish Cypriot awareness and understanding of EU law, TAIEX helps to lay the foundations for future cooperation between the communities on the island and also to build confidence that procedures and rules in many areas of competition, quality, consumer protection and environment will be fair and equivalent across the island.

Following the re-launch of Cyprus talks in February 2014, the Commission sees continuing TAIEX assistance in this area as particularly vital. As the new phase of settlement talks advances, acquis preparation and the economic integration of the two communities will become more pressing and it will be necessary to address a wide range of acquis areas. Sufficient provision must therefore be made to ensure that the assistance ***programme*** facilitates the settlement in this respect and that solutions in the technical topics related to acquis preparation are found. This requires flexibility to adjust the extent, quantity; format and content of EU funded assistance for acquis preparation.

TAIEX is contracted as a single contract for activities in IPA and ENP regions as well as for the Turkish Cypriot community.

(2) Assumptions and accompanying actions

There are specific issues that must be resolved and agreed by relevant Turkish Cypriot community stakeholders before the 2014 ***programme*** can be fully implemented:

* Implementation and enhancement of absorption capacity in line with the (PFAA) priority set by the beneficiary.

1. Efficiently functioning working groups ***programming*** TAIEX assistance.

(3) Essential elements of the action (for direct management)

Procurement:

* theglobal budgetary envelope reserved for procurement:

Global amount: EUR 6,300,000

* the indicative number and type of contracts:

2 service contracts

* indicative time frame for launching the procurement procedure:

1. 4Q14, 3Q16.

|  |  |  |
| --- | --- | --- |
| Action 4 | Support facility | EUR 4,040,000 |

(1) Description of the Action, objectives, expected results

Under the Aid Regulation: assistance may also be used to cover in particular the costs for supporting activities such as preliminary and comparative studies, training, activities linked to preparing, appraising, managing, implementing, monitoring, controlling and evaluation of assistance, activities linked to information and visibility purposes as well as costs for supporting staff, renting of premises and supply of equipment.

The Support Facility will provide resources for visibility actions, evaluations, audits and monitoring and supporting studies and technical input. An important component of this will be performance monitoring of the ***programme*** and projects against indicators and consolidated annual reporting on all indicators.

The Support Facility may also provide resources for particular or horizontal activities to facilitate the settlement process, which the EU undertakes to support. This may take the form of, for example, symposia, community information or technical input.

(2) Assumptions and accompanying actions

It is assumed that the settlement progress will develop and that data necessary for monitoring purposes will be made available by the Turkish Cypriot community.

(3) Essential elements of the action (for direct management)

Procurement:

* theglobal budgetary envelope reserved for procurement:

Global amount: EUR 4,040,000

* the indicative number and type of contracts:

1 service contract and 3 specific framework contracts under global framework contract for services

* indicative time frame for launching the procurement procedure:

Service: 1Q16; Specific framework contracts: 2Q15, 4Q15, 2Q16.

* Indicative Budget Table

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Action | Procurement | Call for Proposals / Direct Grant Award | Indirect Management with IOs/MS Body | Totals |  |
| EUR | EUR | EUR | EUR | % |  |
| Action 1 Social and economic development and infrastructure | 5,820,000 | 11,400,000 | 0 | 17,220,000 | 52,2 |
| Action 2 Reconciliation and confidence building | 0 | 1,000,000 | 4,400,000 | 5,400,000 | 16,4 |
| Action 3 Acquis preparation | 6,300,000 | 0 | 0 | 6,300,000 | 19,1 |
| Action 4 Support facility | 4,040,000 | 0 | 0 | 4,040,000 | 12,3 |
| TOTAL | 16,160,000 | 12,400,000 | 4,400,000 | 32,960,000 | 100 |

* Implementation modalities and General rules for procurement and grant award procedures

direct management:

Part of this ***programme*** shall be implemented by direct management by the Commission / by the Union Delegations in accordance with article 58(1)(a) of the Financial Regulation and the corresponding provisions of its Rules of Application.

Procurement shall follow the provisions of Part Two, Title IV Chapter 3 of the Financial Regulation No 966/2012 and Part Two, Title II, Chapter 3 of its Rules of Application.

Grant award procedures shall follow the provisions of Part One Title VI and Part Two Title IV Chapter 4 of the Financial Regulation No 966/2012 and Part One Title VI and Part Two Title II Chapter 4 of its Rules of Application.

The International Federation of Consulting Engineers (FIDIC) conditions of contract shall be used for works contracts implemented through direct management.

The Commission may also use services and supplies under its Framework Contracts concluded following Part One of the Financial Regulation.

indirect management:

Part of this ***programme*** shall be implemented by indirect management with entrusted entities other than the beneficiary in accordance with Article 58(1)(c) of the Financial Regulation and the corresponding provisions of its Rules of Application.

The general rules for procurement and grant award procedures shall be defined in the relevant delegation agreements between the Commission and the entrusted entity implementing such action.

The change of management mode from indirect management to direct management, whether partially or entirely is not considered a substantial change provided that all essential elements of the actions have been specified in the initial text of the financing decision.

Monitoring

The Commission may undertake any actions it deems necessary to monitor the ***programmes*** concerned.

Evaluation

***Programmes*** financed under Council Regulation 389/2006 shall be subject to ex ante evaluations, as well as interim and/or, ex post evaluations. The results of evaluations shall be taken into account in the ***programming*** and implementation cycle. The Commission may also carry out ***strategic*** evaluations.

* Special Conditions

In the implementation of actions financed under this Financing Proposal, the rights of natural and legal persons, including the rights to possessions and property shall be respected in line with Art 7 of Council Regulation 389/2006.

Nothing in this financing proposal is intended to imply recognition of any public authority in the areas, other than the Government of the Republic of Cyprus.

As regards participation in the award of procurement or grant contracts, the term “all natural and legal persons of Member States of the European Union in Article 9 paragraph 1 of Council Regulation 389/2006” includes all genuinely existing domestic legal persons residing or established in the areas. This will be specified in the calls for tenders and proposals.

[1]European Court of Auditors Special Report No. 6, 2012: European Assistance to the Turkish Cypriot Community

[2]               Council Regulation (EC) N°886/2004 of 29 April 2004 on a regime under Article 2 of Protocol 10 to the Act of Accession

[3]               Commission Regulation N°1480/2004 of 10 August 2004 laying down specific rules concerning goods arriving from the areas not under the effective control of the Government of Cyprus in the areas in which the Government exercises effective control

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**End of Document**



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P R E S S Rue de la Loi 175 B – 1048 BRUSSELS Tel.: +32 (0)2 281 6319 Fax: +32 (0)2 281 8026 [*press.office@consilium.europa.eu*](mailto:press.office@consilium.europa.eu) [*http://www.consilium.europa.eu/press*](http://www.consilium.europa.eu/press) 15212/17 1 EN Council of the European Union EN 15212/17 (OR. en) PRESSE 66 PR CO 66 OUTCOME OF THE COUNCIL MEETING 3580th Council meeting Competitiveness (Internal Market, Industry, Research and Space) Brussels, 30 November and 1 December 2017 Presidents Kadri Simson Minister for Economic Affairs and Infrastructure of Estonia Mailis Reps Minister of Education and Research of Estonia Urve Palo Minister for Entrepreneurship and Information Technology of Estonia 30 November and 1 December 2017 1  Where declarations, conclusions or resolutions have been formally adopted by the Council, this is indicated in the heading for the item concerned and the text is placed between quotation marks.  Documents for which references are given in the text are available on the Council's internet site (   [*http://www.consilium.europa.eu*](http://www.consilium.europa.eu)).  Acts adopted with statements for the Council minutes which may be released to the public are indicated by an asterisk; these statements are available on the Council's internet site or may be obtained from the Press Office.

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INDUSTRY Single digital gateway The Council reached an agreement on a general approach to establish a single digital gateway to help citizens and businesses solve problems and exercise their rights in relation to the EU's internal market. A Council general approach enables negotiations with the European Parliament to begin. The adoption of amendments at the Parliament's IMCO committee is ***planned*** for February 2018. The single digital gateway will be a virtual one-stop-shop allowing easy cross-border access to EU single market- related national rules and procedures to reduce the administrative burden for businesses and citizens. See press release: Digital Single Gateway: Council agrees to make access to information and services easier The future of EU industrial policy The Council held a public debate and adopted conclusions on a future EU industrial policy strategy. The debate was based on a report tabled by the Presidency. The conclusions call on the Commission to develop a forward-looking EU industrial strategy with a focus on 2030 and beyond. The strategy should present medium to long term objectives and an action ***plan*** with concrete measures developed in close consultation with the member states and relevant stakeholders. 30 November and 1 December 2017 15212/17 5 EN The conclusions also invite the Commission to consider a concrete mechanism to effectively monitor the implementation of the strategy. In this context, the Commission is requested to regularly report to the Competitiveness Council with a view to the spring economic EU summits, starting in 2018. The conclusions of the European Council of 23 June 2017 called for a future industrial policy strategy, underlined the essential role of industry as a major driver for growth, employment and innovation in Europe and called for concrete action to ensure a strong and competitive industrial base in the single market. Competitiveness check-up: objectives of the industrial policy The Commission gave a brief presentation of its communication on 'Investing in smart, innovative and sustainable industry: A renewed EU Industrial Policy Strategy', issued on 13 September 2017. It also presented an analysis of the current situation and perspectives of the European industrial sector compared with other powerful economies in the world. The analysis was based on a number of parameters which included trends on industrial production, manufacturing employment, innovation, the use of technology in European companies and levels of digital skills. The Commission reiterated the need for a joint action at European, national and regional level to help reindustrialise Europe. Ministers also listened to a presentation by Philippe Citroën, Director General of UNIFE, the European rail manufacturing industry association, representing the coalition '#Industry4Europe'. The speaker underlined the main challenges that European industry faces today and possible measures to improve the competitiveness of the industrial sector. Ulrich Schuh, the chair of the High Level Group on Competitiveness and Growth the Competitiveness Council think-tank, briefed ministers on the outcome of preparatory discussions. 30 November and 1 December 2017 15212/17 6 EN A large number of member states demanded transparent long term objectives for industrial policy that would reflect an ambitious strategy. Some member states considered the definition of objectives as necessary preconditions for developing a process of monitoring and evaluation. The 'competitiveness check-up' allows ministers to put forward priorities and respond to urgent issues and developments in the real economy. It is a regular working method that was established in 2015 and aims to improve the role of the Competitiveness Council as regards the analysis of horizontal and sectoral economic issues as well as the monitoring of competitiveness mainstreaming. In practice, it is based on a presentation by the Commission of the latest figures and trends related to micro-economic issues, with ministers being invited to respond and provide input on possible implications for EU companies and citizens. \* \* \* During the informal working lunch, ministers discussed the future of the car industry in the context of digitalisation, decarbonisation and globalisation with Elżbieta Bieńkowska, Commissioner for single market, industry, entrepreneurship and SMEs. 30 November and 1 December 2017 15212/17 7 EN RESEARCH AND INNOVATION Addressing global challenges through R&I: a mission-oriented approach During a public session, ministers addressed ways to develop a mission-oriented approach to research and innovation (R&I) for the next EU research framework ***programme***. The outcome of the debate will feed into upcoming discussions on preparations for the next framework ***programme***. The debate was structured by means of a background document tabled by the Presidency. Ministers expressed preliminary views on the aspects and characteristics to be considered as part of the process to define the concept, criteria and goals of future missions. All delegations agreed on the need to explore new ways to achieve a greater impact and make research and innovation more inclusive of relevant players and citizens. The Commission announced the preparation, in cooperation with the member states, of examples of possible missions and a public consultation early next year. This approach is based on a recommendation made in a report delivered by a group of independent experts chaired by Pascal Lamy last July on how to maximise the impact of EU research and innovation ***programmes***. The report points out that further investment and an increase in the impact of R&I would be key elements in the provision of solutions to global challenges and improvements in the well-being of European citizens. Of a total of eleven recommendations, the group recommended the implementation of a mission-oriented, impact-focused approach to address global challenges for the ninth EU framework ***programme***, which will be the successor of the Horizon 2020 ***programme***. 30 November and 1 December 2017 15212/17 8 EN According to the report, the post-2020 EU R&I ***programme*** should translate global societal challenges (social, economic, environmental) into a limited number of large-scale research and innovation 'missions'. These missions should mobilise researchers, innovators, investors and other relevant players to induce action across disciplines, sectors and institutional silos. They should also allow better communication of the benefits to the public. At a conference organised by the Estonian Presidency on 'European research excellence – Impact and value for society', held in Tallinn on 12 October 2017, participants committed to the 'Tallinn call for action', which aims to mobilise support for research and innovation in Europe. In particular, the 'Tallinn call for action' stresses the responsibility of policy makers, researchers, businesses and journalists in ensuring that research is a real priority in EU policy making, and in increasing trust in research. The ministerial debate was preceded by a working lunch with a presentation by Professor Mariana Mazzucato on a mission-oriented approach in R&I. Professor Mazzucato is director of the Institute for Innovation and Public Purpose at University College London. She will advise Commissioner Carlos Moedas on mission-oriented innovation policies addressing major challenges. From the interim evaluation of Horizon 2020 towards the ninth framework ***programme*** The Council held a public debate and adopted the conclusions: 'From the interim evaluation of Horizon 2020 towards the ninth framework ***programme***' Building on the lessons learnt from the interim evaluation of Horizon 2020, the conclusions address key messages to be taken into account in preparation for the next EU multiannual ***programme*** for R&I. 30 November and 1 December 2017 15212/17 9 EN In particular, the conclusions provide guidance on a set of principles which include: • building a R&I ecosystem at the service of the economy and society • continuous dialogue between the Commission and the member states • the rationalisation of the R&I funding landscape • openness, accessibility and simplification • aspects of implementation Horizon 2020, the EU framework ***programme*** for R&I from 2014 to 2020, was designed to drive economic growth and create jobs by combining R&I with excellent science, industrial leadership and willingness to tackle societal challenges. This three-pillar structure was one of the novelties of the ***programme***. The interim evaluation has shown that the three pillars and the core principle of excellence across the entire ***programme*** have attracted large support from stakeholders. However, there have been calls to improve the ***programme*** by fine-tuning the pillars, improving their internal coherence and maximising their mutually reinforcing impact. The findings from the interim evaluation of Horizon 2020 show that the impact of the framework ***programme*** is real and large in many aspects, even if it is not always fully visible. On 30 May 2017, the Commission presented the interim evaluation of Horizon 2020. On 6 October 2017, the Commission published the interim evaluation of the Joint Undertakings operating under Horizon 2020 and the participation of the EU in research and development ***programmes*** undertaken by several member states. On 19 October 2017, the Commission issued the interim evaluation of the European Institute of Innovation and Technology (EIT). 30 November and 1 December 2017 15212/17 10 EN SPACE POLICY EU space ***programmes***: the way forward During a public session, the Council discussed the way forward for the EU space ***programmes***. The outcome of the debate will provide input for upcoming discussions on the preparations for the future of the EU space ***programmes*** and initiatives, which might start in 2018. The exchange of views was conducted on the basis of a Presidency background document, and taking into account the broader context of the EU's industrial policy and digital agenda and their impact on space. Ministers agreed on the importance of ensuring the continuation of the ***programmes***. The Director General of the European Space Agency (ESA), Johann Dietrich Wörner, participated in the meeting. Europe owns world-class space systems with Copernicus1 for Earth observation, EGNOS2 and Galileo3 for satellite navigation and geo-positioning. Space technologies, data and services have become indispensable in the daily lives of European citizens: when using mobile phones and car navigation systems, watching satellite TV or withdrawing cash. They support numerous EU policies and key political priorities, including the competitiveness of our economy, migration, climate change, the digital single market and the management of natural resources. The combination of space data with digital technologies opens up many business opportunities for all member states. 1 European Earth Observation ***Programme***. 2 European Geostationary Navigation Overlay Service, which augments GPS signals over Europe. 3 European Global Navigation Satellite System, similar to GPS. 30 November and 1 December 2017 15212/17 11 EN Space policy can help boost jobs, growth and investments in Europe. Investing in space pushes the boundaries of science and research. Space is also of ***strategic*** importance as it reinforces Europe’s role as a stronger global player and is an asset for its security and defence. For this reason, the EU will invest overall EUR 12 billion in space activities for the period 2014 to 2020. On 26 October 2016, the Commission presented a communication on the Space strategy for Europe with the aim of developing and creating new services and promoting Europe's leadership in space. Copernicus mid-term review The Council adopted conclusions on the mid-term review of the Copernicus space ***programme***: Copernicus space ***programme***: conclusions on mid-term review Copernicus is the EU space flagship ***programme*** aimed at developing European information services based on satellite earth observation. The conclusions build on the mid-term evaluation of the Copernicus ***programme*** (2014-2020) carried out by the Commission, which was published on 23 October (13599/17). These conclusions contain key elements for the preparation of the next generation of the ***programme***. The current situation and future perspectives of the Copernicus ***programme*** were the subjects of preliminary discussions at the EU-ESA informal space ministerial meeting held in Tallinn, Estonia, on 7 November 2017. 30 November and 1 December 2017 15212/17 12 EN ANY OTHER BUSINESS – Geo-blocking The Estonian Presidency briefed the Council on the agreement reached with the European Parliament on 21 November on a draft regulation to prevent unjustified geo-blocking in the internal market. The agreement was endorsed by Coreper on 29 November. See press release: Geo-blocking: EU ambassadors confirm agreement on removing barriers to e-commerce – Digital Single Market strategy: progress on implementation The Commission gave information on progress made on the implementation of the digital single market strategy. It also encouraged member states to intensify efforts to speed up the legislative process of the various ongoing initiatives in order for the digital single market to become a reality as soon as possible. The Tallinn Digital Summit on 29 September 2017 sent a strong message on the need for a stronger and more coherent digital Europe. The EU summit on 22-23 June 2017 reviewed the progress made on the implementation of the strategy. The European Council conclusions of 28 June 2016 called on the Council of Ministers to report annually on the progress made on deepening the single market, starting in June 2017. 30 November and 1 December 2017 15212/17 13 EN – European SME action ***programme*** The Council took note of information provided by the German delegation and by the Commission on the annual report of the SME Envoy Network and the European SME action ***programme*** (14888/17). The 2017 SME Assembly took place in Tallinn, Estonia, from 22 to 24 November 2017. The SME Assembly is part of the European SME Week, a pan-European campaign with events and awards, such as the European Enterprise Promotion Awards, aiming to promote entrepreneurship in Europe. The 2017 edition was emboldened by the encouraging results published in the Annual report on EU SMEs. The report shows that European SMEs are recovering from the crisis, which benefits the whole EU economy. 2016 was the third consecutive year where there was a steady increase in EU SME employment and value added. – Unitary Patent Protection system The Council took note of updated information on the state of play of the Unitary Patent and the Unified Patent Court (UPC). The Commission and several member states invited those countries which have either not yet ratified the UPC agreement, or have not yet endorsed the Provisional Application Protocol, to do so as soon as possible. The Unified Patent package is built on three pillars: – a regulation establishing unitary patent protection – a regulation on the translation arrangements – an intergovernmental agreement setting up the UPC for the settlement of disputes relating to European patents and European patents with unitary effect 30 November and 1 December 2017 15212/17 14 EN The two regulations were adopted under the enhanced cooperation procedure, with Italy and Spain not participating initially. In September 2015, Italy confirmed its participation in the system. Croatia, which was not an EU member state at the time, is not yet participating. The UPC agreement was signed on 13 February 2013 by all member states except Spain, Poland (although Poland participates in the enhanced cooperation) and Croatia. As of today, the UPC agreement has been ratified by 14 member states. To take effect, the package requires ratification of the UPC agreement by 13 member states including France, Germany and the United Kingdom. Ratification details of the UPC agreement can be found in the database. – Public procurement package The Commission presented a package of initiatives put forward on 3 October 2017 to carry out procurement procedures more efficiently and make full use of digital technologies to simplify and accelerate those procedures. The purpose is to increase the impact of public investment through efficient and professional procurement. The Commission reiterated the ***strategic*** importance of public procurement in spurring innovation, fostering competitiveness and supporting the economy. (Commission press release) 30 November and 1 December 2017 15212/17 15 EN – European Defence Industrial Development ***Programme*** The Presidency briefed the Council on the progress made regarding a proposal for establishing a European Defence Industrial Development ***Programme*** (EDIDP). As a follow-up to the European Defence Action ***Plan***, the Commission submitted a proposal for establishing the EDIDP on 7 June 2017. The purpose of the EDIDP is to enhance cross-border cooperation among the EU's defence industries and to increase the competitiveness of the whole defence industrial sector through the joint development and joint procurement of key defence capabilities. The proposed ***programme*** would cover the years 2019-2020 for a total amount of EUR 500 million. It would provide incentives for starting collaborative development projects relating to the security and defence interests of the EU and would supplement national financing by the member states of those projects. The overall aim is to support industry in the development phase for collective investments in cutting-edge products and technology. The Estonian Presidency set up a specific Friends of the Presidency group for examining the Commission's EDIDP proposal, with the aim of adopting a general approach at the General Affairs Council by the end of 2017. – Traceability of tobacco products The Council took note of concerns by the Hungarian delegation regarding a draft implementing regulation on technical standards for the establishment and operation of a traceability system for tobacco products. In particular, on the possible negative impact of the implementation of the new scheme for small manufacturers and economic operators. The Danish and the Slovak delegations shared some of these concerns. 30 November and 1 December 2017 15212/17 16 EN The Commission argued that the new measures are necessary to protect public health and that the new system is expected to bring transparency and to create a level playing field for economic operators. The Tobacco Products Directive entered into force on 19 May 2014 and became applicable in EU countries on 20 May 2016. The directive lays down rules governing the manufacture, presentation and sale of tobacco and related products, including cigarettes, roll your own tobacco, pipe tobacco, cigars, cigarillos, smokeless tobacco, electronic cigarettes and herbal products for smoking. The directive transposes into EU law the Protocol to eliminate Illicit trade of Tobacco products to the WHO Framework Convention on Tobacco Control (FCTC), by introducing an EU-wide tracking and tracing system. In accordance with the implementation ***plan*** of the directive, an implementing act laying down the technical standards of the tracking and tracing system should be adopted before the end of 2017. – Open Science The Commission briefed the Council on the state of play regarding open science, in response to the Council conclusions from May 2016, which called on the Commission to inform the member states and the stakeholders on developments and outputs of the Open Science Policy Platform at least twice a year (14881/17). – Construction of the laser facility 'Extreme light infrastructure' The Council took note of information on the progress of the Extreme Light Infrastructure (ELI) project (14419/17). A presentation was given by Carlo Rizzuto, Director General of the ELI Delivery Consortium. The ELI project – selected and proposed by the European Strategy Forum on Research Infrastructure (ESFRI), and endorsed by the EU – is positioned to be one of the world’s foremost laser facilities, and is the first such facility to be built on the basis of international efforts and fully conceived and implemented to serve external users. 30 November and 1 December 2017 15212/17 17 EN ELI will be at the forefront of laser technology and open up new research and technology development opportunities with significant potential impact on a broad range of scientific disciplines and in terms of economic returns. As such, ELI constitutes a vital ***strategic*** capability for European scientists and industry. The construction of the ELI facility in the Czech Republic, Hungary and Romania, the three host countries, has been implemented based on national funding (15%) and EU structural funding (85%). Over 1 500 researchers from more than 150 research institutions of non-host countries are involved in scientific collaborations with the three ELI research infrastructure pillars. The project is nearing completion and is about to enter the operations phase. – Work ***programme*** of the incoming Presidency The Bulgarian delegation gave an overview of the priorities in the field of competitiveness under its Presidency term in the first half of 2018. On industrial policy and entrepreneurship, the priorities will include the future of industrial policy in Europe and support for start-up and scale-up enterprises. The Bulgarian Presidency will also focus on the ongoing and forthcoming initiatives relating to the single market and the digital single market strategies. In the field of research and innovation, it will pay particular attention to aligning EU and national R&I objectives in order to provide input with a view to preparations for the next framework ***programme***. Other aspects will include transfer of knowledge, data and research results and the ITER project. The implementation of the EU's space strategy will be a top priority. A ministerial discussion is ***planned*** on space matters on 13 March 2018. The incoming Presidency also announced an informal meeting of EU ministers in charge of competitiveness in Sofia, from 31 January to 2 February 2018. 30 November and 1 December 2017 15212/17 18 EN OTHER ITEMS APPROVED INTERNAL MARKET Consumer protection in the digital age: EU-wide cooperation between national authorities The Council adopted a regulation to strengthen cooperation between EU national authorities responsible for the enforcement of consumer protection laws. The regulation aims at modernising cooperation mechanisms to further reduce the harm caused to consumers by cross-border infringements of EU consumer law. Effective consumer protection needs to respond in particular to the challenges of the digital economy and the development of cross-border retail trade in the EU. The new rules will help increase citizens' and companies' trust in e-commerce. The adoption follows an agreement reached with the European Parliament on 21 June 2017. See press release Consumer protection in the digital age: Council adopts regulation to strengthen EU-wide cooperation Statements: 14768/1/17 REV 1 ADD 1 FOREIGN AFFAIRS CARIFORUM-EU Economic Partnership Agreement The Council authorised the opening of negotiations with the CARIFORUM states for an agreement on the protection of geographic indications based on Article 145 of the CARIFORUM Agreement. The subject of the negotiations is the protection of Geographical Indications (GIs) of ***agricultural*** and fishery products, foodstuffs, wines, spirits and other alcoholic beverages. Economic Partnership Agreement Joint communiqué following the 4th meeting of CARIFORUM-EU Council of 17 November 2017 30 November and 1 December 2017 15212/17 19 EN EU relations with Canada The Council adopted a decision authorising the EU to adopt the rules of procedure of the Joint Cooperation Committee established by the ***Strategic*** Partnership Agreement between the EU and Canada, as well as the terms of Reference of the Joint Cooperation Committee and sub-committees. The Council also approved the draft joint ministerial statement to be adopted at the first meeting of the Joint Cooperation Committee. The meeting will take place on 4 December 2017 in Brussels. EU-Canada joint ministerial committee meeting, 04/12/2017 EU-Mongolia Framework Agreement on Partnership and Cooperation The Council adopted a Protocol to the Framework Agreement on Partnership and Cooperation between the European Union and its member states and Mongolia to take account of the accession of Croatia to the European Union. The Council also approved the Croatian language version of the Framework Agreement on Partnership and Cooperation between the European Union and its member states and Mongolia. Framework Agreement on Partnership and Cooperation Factsheet on the EU-Mongolia Framework Agreement on Partnership and Cooperation EU-Philippines Framework Agreement on Partnership and Cooperation The Council adopted a Protocol to the Framework Agreement on Partnership and Cooperation between the European Union and its member states and the Philippines to take account of the accession of Croatia to the European Union. The Council approved the Croatian language version of the Framework Agreement on Partnership and Cooperation between the Eu

ropean Union and its member states and the Philippines. Framework Agreement on partnership and cooperation between the EU and the Philippines 30 November and 1 December 2017 15212/17 20 EN EU terrorist list The Council updated the statements of reasons for listing two terrorist groups subject to restrictive measures, namely Hamas, including ‘Hamas-Izz al-Din al-Qassem', and the Al-Aqsa Martyrs Brigade. The legal acts, including the modified statements of reasons, are included in the Official Journal of 1 December 2017. EU terrorist list Economic sanctions on Russia over actions destabilising the situation in Ukraine The Council adopted a derogation to the economic sanctions on Russia which was necessary so that the sanctions would not affect the European space industry. The derogation concerns the export of hydrazine, a product that falls under the category of fuels and related substances referred to in the common military list of the EU. This substance is needed in space ***programmes*** operated by the EU, its member states or the European Space Agency. In particular, extremely highly concentrated hydrazine is required as a propellant for part of the ExoMars 2020 mission. ExoMars 2020 is an important scientific mission to land a rover on Mars for the first time and search for signs of life there. It forms part of a European Space Agency ***programme***. Its launch is ***planned*** for July 2020. Extremely highly concentrated hydrazine is ***produced*** within the EU and needs to be exported to Russia for use in the preparation and implementation of the mission. Roscosmos, the Russian space agency, is a partner in the ***programme***. Technical changes have been made to the EU legislation in force regarding restrictive measures against Russia in order to allow for the necessary quantity of hydrazine to be exported to complete this mission. The changes to the legislation do not otherwise affect EU sanctions with respect to Russia in any way. Each request for export needs to be authorised by the competent authority of the relevant EU member state. EU restrictive measures in response to the crisis in Ukraine European Space Agency 30 November and 1 December 2017 15212/17 21 EN ECONOMIC AND FINANCIAL AFFAIRS Money laundering - Ethiopia The Council decided not to object to a Commission regulation amending regulation 2016/1675 on money laundering and terrorist financing, adding Ethiopia to a list of high-risk countries (14371/17 + 13833/17). The regulation is a delegated act pursuant to Article 290 of the Treaty on the Functioning of the European Union. It can now enter into force, unless the European Parliament objects. BUDGET 2018 EU budget - approval by the Council The Council gave its final go-ahead to the 2018 EU budget by approving the deal reached with the European Parliament on 18 November (14587/17 + 14587/17 ADD 1 + 14587/17 ADD 2 + 14587/17 ADD 3 + 14587/17 ADD 4 + 14587/17 ADD 5). Following the Parliament's endorsement on 30 November, the budget is considered adopted. The 2018 EU budget is set at €160.1 billion in commitments. A margin of €1.6 billion is left under the expenditure ceilings of the multiannual financial framework for 2014-2020, allowing the EU to react to unforeseen needs. Total payments amount to €144.7 billion, rising 14.1% from 2017. Payments will increase significantly because the implementation of the 2014-2020 ***programmes*** is expected to reach full speed in 2018. The 2018 EU budget continues to focus on measures aimed at tackling the migration crisis, reinforcing security, boosting growth and creating jobs. It also strengthens support for young people, while cutting pre-accession funds for Turkey. For details, see press release 30 November and 1 December 2017 15212/17 22 EN Approval of other measures agreed with the Parliament The Council also confirmed the agreement reached with the Parliament on 18 November regarding: − the mobilisation of the Flexibility Instrument in 2018 for an amount of €837.2 million in commitments in heading 3 (Security and citizenship) to finance measures in the field of migration, refugees and security (14588/17); − the mobilisation of the EU Solidarity Fund in 2018 for a total amount of €50 million in commitments and payments to allow the timely payment of advances in case of natural disasters in member states or in a country involved in accession negotiations with the European Union (14589/17); − the amendment to the decision on the mobilisation of the Contingency Margin in 2017 by decreasing the amount offset in heading 5 in 2018 and introducing a corresponding offset in heading 5 in 2020 (14669/17). In addition, on 27 November 2017 the Council approved by written procedure the Commission’s proposal to update the figures for the 2017 budget by decreasing the ***planned*** commitments and payments by €61 million and €7.7 billion respectively (14273/17). The reduction in payments is due to delays in the implementation of the 2014-2020 ***programmes***. Following the Parliament's endorsement on 30 November, these measures are also considered adopted. Mobilisation of the European Globalisation Adjustment Fund for Greece and Finland The Council adopted a decision mobilising €2.9 million under the European Globalisation Adjustment Fund (EGF) to provide support to 725 dismissed workers made redundant in nine Greek enterprises operating in the retail trade, except motor vehicles and motorcycles sector (14057/17). The redundancies are the result of a continuation of the global financial and economic crisis. 30 November and 1 December 2017 15212/17 23 EN The Council also adopted a decision mobilising €2.5 million under the EGF to provide support to 1660 dismissed workers made redundant in three Finnish enterprises operating in the retail trade, except motor vehicles and motorcycles sector (14058/17). The redundancies are the result of a continuation of major structural changes in world trade patterns due to globalisation. The EGF helps workers to find new jobs and develop new skills when they have lost their jobs as a result of changing global trade patterns, e.g when a large company shuts down or a factory is moved outside the EU, or as a result of the global financial and economic crisis. The help provided by the EGF consists in co-financing measures such as job-search assistance, careers advice, tailor-made training and re-training, mentoring and promoting entrepreneurship. It also provides one-off, time-limited individual support, such as job-search allowances, mobility allowances and allowances for participating in lifelong learning and training activities. ***AGRICULTURE*** Extension of the International Sugar Agreement 1992 - Position of the EU The Council adopted a decision authorising the opening of negotiations to amend the International Sugar Agreement 1992 ('ISA'), notably in relation to the distribution of votes among members and their financial contribution. The EU is a party to the ISA and a member of the International Sugar Organization (the 'ISO'), an intergovernmental body devoted to improving conditions on the world's sugar market. The ISA entered into force on 1 January 1993. Since then, it has been regularly extended for periods of two years. On 25 September 2017, the Council authorised the Commission to support the extension of the ISA for a further period of up to two years, ending on 31 December 2019. 30 November and 1 December 2017 15212/17 24 EN TRANSPORT Eurocontrol Provisional Council - Aviation The Council took note of the preparations for the 48th meeting of Eurocontrol's Provisional Council being held in Brussels from 30 November to 1 December 2017. ENVIRONMENT Drinking water directive implementation in Bulgaria, Hungary and Romania The Council adopted conclusions on the European Court of Auditors' Special Report No 12/2017 entitled 'Implementing the Drinking Water Directive: water quality and access to it improved in Bulgaria, Hungary and Romania, but investment needs remain substantial'. The two main objectives of this audit were to assess drinking water quality and to ascertain whether EU actions have improved safe access to quality drinking water for citizens in Bulgaria, Hungary and Romania. The report concluded that citizens' access to, and the supply of, quality drinking water in these three member states have improved since their accession to the EU. However, there are certain areas where water from the public supply network is not fully in compliance with EU standards. In its conclusions, the Council invites the Commission and the member states to take the necessary measures to ensure that consumers have easy access to up-to-date information on the quality of drinking water, and also invites the member states to promote innovative technologies and practices to reduce water losses, thereby contributing to a sustainable and efficient use of water. The drinking water directive deals with the quality of water intended for human consumption. It aims at protecting human health from the adverse effects of any contamination of water intended for human consumption by ensuring that it is wholesome and clean. 30 November and 1 December 2017 15212/17 25 EN REGIONAL DEVELOPMENT Standard scales of unit costs to simplify use of the European Social Fund The Council decided not to object to a Commission regulation amending the existing standard scales of unit costs (SSUCs) for reimbursement of expenditure made in France, setting out additional SSUCs for Germany, setting out first-time SSUCs for Cyprus and correcting certain SSUCs for Sweden under the European Social Fund (ESF) (14396/17 + 13673/17 + 13673/17 ADD 1). The use of standard scales of unit costs is aimed at simplifying the life of ESF beneficiaries and redcucing the administrative burden. The regulation is a delegated act pursuant to Article 290 of the Treaty on the Functioning of the EU. It now can enter into force, unless the European Parliament objects.

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**End of Document**



[***Hemp CBD Production Projected to Become Billion Dollar Market by 2020; MarketNewsUpdates.com News Commentary***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PW0-2CM1-JB72-12W3-00000-00&context=1516831)

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**Body**

Hemp based CBD, or cannabidiol, is one of the most talked about, yet misunderstood pieces of the cannabis industry. Hemp-derived cannabidiol (CBD) is projected to be a billion-dollar market in just three years, according to a new report byBrightfield Group. The data company estimates that hemp CBD sales had already hit $170 million in 2016 and a 55% compound annual growth rate over the next five years will cause the market to crack the billion-dollar mark. The market is booming because a variety of CBD concentrates are used to manufacture a variety of products including edibles, topical ointments and even treatments for medical conditions. Active Companies from around the market with current developments include: Hemp, Inc. (OTC: HEMP), Surna Inc. (OTC: SRNA), Medical Marijuana Inc. (OTC: MJNA), SinglePoint Inc. (OTC: SING), Canopy Growth Corporation (TSX: WEED) (OTC: TWMJF)

Hemp, Inc. (OTC: HEMP) a global leader in the industrial hemp industry with the largest multi-purpose industrial hemp processing facility in the western hemisphere, announced today it has received all brand new, state-of-the-art components of the cannabidiol (CBD) post processing equipment to complete the Company's hemp oil extraction infrastructure (Division 2). The latest equipment additions to the Company's extraction operation will be assembled in the coming days.Read this and more news for HEMPat [*http://www.marketnewsupdates.com/news/hemp.html*](http://www.marketnewsupdates.com/news/hemp.html)

"We chose the most cutting edge, state-of-the-art processing equipment on the market, fromAcross International, to ensure our CBD extracts lead the industry in quality and consistency, allowing us to bring innovative bulk CBD products to market. We have also partnered with Across International to display this state-of-the-art equipment at our Hemp University educational symposiums in the upcoming year. This equipment allows us to 'winterize' the raw CBD crude oil. After the CBD crude oil is winterized, we are able to perform the remaining post processing so that we can make an array of products, including but not limited to tinctures and cartridges to put it in vape pens... our options are limitless with this equipment," said David Schmitt, COO of Hemp, Inc.'s wholly owned subsidiary, Industrial Hemp Manufacturing, LLC. In August, Hemp, Inc.announcedthe official launch of its NuAxon Tech CO2 Supercritical Extractor.

"The completion of our hemp oil extraction infrastructure will allow us to ramp up production of CBD products, creating increased Company value for the public and shareholders." said Hemp, Inc. CEO Bruce Perlowin. "The market price of CBD crystalline isolate was roughly $20,000 per kilogram at the early part of 2017. While prices have gone down this year, in some cases, to as low as $6,500 per kilo on the low end volume price, CBD full spectrum extract making customized formulas have in some cases gone up and other cases gone down. Whether the price decreases or increases, I think it's important to note and remind our shareholders that while we expect significant returns from our hemp oil extraction, it's a secondary component of our overall business ***plan*** that we added to 'enhance' our revenues. Hemp, Inc.'s primary business is focused on ***producing*** non-toxic loss circulation material (LCM) and spill absorbents for the oil and gas industries."

In the industrydevelopments and happenings in the marketthis week include:

Surna Inc. (OTCQB: SRNA) closed up at $0.1483 on Wednesday on over 1.4 Million shares traded by the market close. With over 1 million shares traded. Surna, Inc. is a Boulder, Colorado-based manufacturer of a proprietary line of optimized lighting, environmental control and air sanitation systems for state-regulated cannabis cultivation facilities as well as traditional indoor ***agricultural*** facilities ([*http://www.surna.com*](http://www.surna.com)). We develop innovative technologies and products that monitor, control and or address the energy and resource intensive nature of indoor cannabis cultivation. Our goal is to provide intelligent solutions to improve the quality, the control and the overall yield and efficiency of controlled environment ***agriculture***.

Medical Marijuana Inc.(OTC: MJNA) closed up over 3% on Wednesday trading over 8.5 million shares by the market close. The company also announced it will be launching Subscribe & Save ***programs*** for the following brands: Real Scientific Hemp Oil; Dixie Botanicals; and all Cibaderm products. The Subscribe & Save ***program*** allows customers to receive automatic shipments of their favorite Medical Marijuana, Inc. products at a discount of 20% each month. This newly announced ***program***, gives customers total control with options to cancel, pause, or adjust their order at any time. Customers receive all of the benefits without any hassle. "We know that many of our customers rely on our CBD products every single day, and have for months or years," said Medical Marijuana, Inc. CEO Dr. Titus. "With that in mind, we're glad to bring them and all our customers a more convenient experience with this ***program***, as well as a considerable discount."

SinglePoint Inc. (OTC: SING) closed up at $0.06 on Wednesday on over 5.6 Million shares traded by the market close. SinglePoint, Inc. is one company that has found promising applications for bitcoin as a means to help solve banking issues within the U.S. cannabis market -- another investment space that is currently blossoming with no end to its growth in sight. Despite this, companies in the cannabis industry are currently blocked from accessing traditional banking services in the U.S. due to the Controlled Substances Act, which categorizes marijuana as a schedule I controlled substance. Even in states where cannabis has been legalized, marijuana enterprises are plagued by a lack of banking options, which largely forces them to conduct cash transactions. SinglePoint's cannabis cryptocurrency solution, which is now mere weeks away from launching in beta form, could help effectively resolve this.  Through its subsidiary SingleSeed, the company is providing products and services to the cannabis industry.

Canopy Growth Corporation(TSX: WEED.TO) (OTC: TWMJF) closed Wednesday at $16.49 on the TSX exchange on over 9.6 million shares traded by the market close and closed at $12.79 trading over 1.3 Million shares on the OTC markets. Yesterday, the company announced it has welcomed the founder of Stampede Management, Ted Chung , as a ***Strategic*** Advisor for Content Strategy to strengthen and leverage responsible brand opportunities for Tweed and other cannabis brands in the lead-up to the legal adult-use market in Canada. Mr. Chung has established himself as a thought leader and visionary in the cannabis media landscape as, among many notable accomplishments, a founder of MERRY JANE and an Executive ***Producer*** on the EMMY-Nominated television series Martha and Snoop's Potluck Dinner Party. Ted is also the longtime manager of cultural icon Snoop Dogg.

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This release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E the Securities Exchange Act of 1934, as amended and such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. "Forward-looking statements" describe future expectations, ***plans***, results, or strategies and are generally preceded by words such as "may", "future", "***plan***" or "***planned***", "will" or "should", "expected," "anticipates", "draft", "eventually" or "projected". You are cautioned that such statements are subject to a multitude of risks and uncertainties that could cause future circumstances, events, or results to differ materially from those projected in the forward-looking statements, including the risks that actual results may differ materially from those projected in the forward-looking statements as a result of various factors, and other risks identified in a company's annual report on Form 10-K or 10-KSB and other filings made by such company with the Securities and Exchange Commission. You should consider these factors in evaluating the forward-looking statements included herein, and not place undue reliance on such statements. The forward-looking statements in this release are made as of the date hereof and MNU undertakes no obligation to update such statements.

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**End of Document**



[***US DOE selects Great Lakes Bioenergy Research Center for five years of funding to develop sustainable alternatives***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P3J-6BH1-JC0X-H3DJ-00000-00&context=1516831)

MarketLine NewsWire (Formerly Datamonitor)

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**Highlight:** US Department of Energy has selected the Great Lakes Bioenergy Research Center for an additional five years of funding to develop sustainable alternatives to transportation fuels and products currently derived from petroleum.

**Body**

In this next phase of funding, GLBRC scientists and recently recruited experts will conduct research that enables the sustainable production of specialty biofuels and bio-products using dedicated bioenergy crops such as switchgrass, poplar trees and sorghum. These bioenergy crops will be grown on marginal - or non-***agricultural*** - land, a shift from GLBRC&#39;s previous mission of ***producing*** biofuels from crops grown on ***agricultural*** land.Established by the Biological and Environmental Research ***program*** in DOE&#39;s Office of Science in 2007, GLBRC is based at the University of Wisconsin-Madison&#39;s Wisconsin Energy Institute and includes a major partnership with Michigan State University. The cross-disciplinary center draws on the expertise of biologists, chemists, engineers and economists, and employs more than 400 researchers, students and staff conducting foundational bioenergy research.Since its inception, the GLBRC has received roughly $267 million in DOE funding."Collaboration has been at the core of GLBRC&#39;s efforts from Day One, and it will continue to drive the goals of this new center and help us realize our vision of developing bio-based sources of fuels and chemicals," said Tim Donohue, GLBRC director. "We are in a unique position to not only address a major societal challenge, but to create new revenue sources and economic opportunities for farmers, rural communities and a new generation of bio-refineries, as well as to create new, locally ***produced*** and cost-effective products for consumers."DOE has announced four Bioenergy Research Center selections for fiscal year 2018, with ***plans*** to provide five years of funding.

Specific funding amounts for 2018 and beyond will be finalized as part of future federal budget processes.Over GLBRC&#39;s 10-year history, it has built academic and industrial partnerships that have yielded more than 1,000 scientific publications, 160 patent applications, 80 licenses or options, and five start-up companies."MSU has driven much of the sustainability focus of the GLBRC, and we are proud of the many areas of expertise we contribute," said MSU President Lou Anna K. Simon. "The research center provides exciting opportunities for us to collaborate across campuses and disciplines, tackling the challenge of bio-based energy solutions with an integrated approach."Building on past accomplishments, GLBRC&#39;s next phase will focus on ***producing*** dedicated bioenergy crops on non-***agricultural*** lands, maximizing the production of specialty fuels and bio-products from those crops, and building a comprehensive understanding of the field-to-product pipeline to maximize the sustainability and economic benefits offered by a future cellulosic bio-industry. Together, these efforts have the potential to spur a new bio-refinery industry equipped to create valuable products from as much of a crop&#39;s biomass as possible.As a university-based DOE Bioenergy Research Center, GLBRC will continue to benefit from the resources, ***strategic*** partnerships and world-class research ***programs*** at MSU and UW-Madison."GLBRC&#39;s selection demonstrates our continued excellence in clean energy research," said UW-Madison Chancellor Rebecca Blank. "Our broad expertise in areas such as plant sciences, microbiology, economics and engineering is enabling the development of new and innovative technologies that can bring about American energy sustainability while also strengthening the economy right here at home."Additional university collaborators include the University of British Columbia, Texas A&M University and Michigan Technological University.

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[***Brewing success in Burundi’s coffee industry***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5YJX-P231-DY4C-F1ND-00000-00&context=1516831)

Strategic Direction

February 12, 2018

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**Body**

**ABSTRACT**

Purpose

This paper aims to review the latest management developments across the globe and pinpoint practical implications from cutting-edge research and case studies.

Design/methodology/approach

This briefing is prepared by an independent writer who adds their own impartial comments and places the articles in context.

Findings

This review highlights the potential benefits of ***strategic*** chain investments to the coffee industry in Burundi, finding that the greater the investment, the better those in the industry perform.

Originality/value

The briefing saves busy executives, strategists and researchers hours of reading time by selecting only the very best, most pertinent information and presenting it in a condensed and easy-to-digest format.

For Burundi, as with many other mountainous developing countries in the tropics, coffee has and continues to be a significant aspect of the economy. Coffee today is still one of the world’s most traded ***agricultural*** commodities, evolving into a high-end product, where quality and provenance are key factors governing its value. While historically, coffee was traded as an undifferentiated commodity, it is now a highly differentiated value chain. Most of the value associated with coffee is determined by the production, harvesting, and processing practices in the country of origin. What makes coffee such a prevalent commodity in developing countries is its potential for being grown by smallholders and yielding them significant returns. The continued expansion of the coffee market, and its increasing value globally, means it can be lucrative for those who have few other options. The significant barrier to success, however, is the cost and complexity of technological adoption by smallholders for them to access the premium market where their product can maximize returns. These smallholders are typically aiming to establish “direct trade” agreements between themselves and specialty coffee buyers. This cuts out middlemen and maximizes their profits. These agreements, however, are often difficult to create, especially for smallholder in developing countries.

It is through the adoption of beneficial technologies and practices that smallholders are able to access direct trade agreements. Using data collected between 2007 and 2012, Bro and Clay (2017) looked at the impact of the Burundi Agribusiness ***Program*** (BAP) on coffee ***producers*** in the country. The BAP was funded by the US Agency for International Development over the five-year period 2007-2012. It aimed to repair and invigorate the coffee industry within Burundi that had been entirely wiped out by the armed conflict between the Tutsi and Hutu populations. As Bro and Clay (2017) highlight, the intention for BAP was to:

* provide training for ***producers*** on best practice;

1. introduce innovative processing technologies to coffee washing stations (CWS);
2. create sustainable links with international coffee buyers;
3. provide technical and administrative support for establishing cupping competitions; and
4. and provide training and support for InterCafé, Burundi’s national coffee trade association.

By looking at the adoption of technologies by smallholders and CWS, as well as the number of direct trade contracts, it is possible to see whether ***strategic*** value chain investments are able to improve the coffee sector in Burundi.

**The value of small-scale *agriculture***

The ability for a developing country to create a food surplus is often seen as key to its eventual progression toward developed status. Small-scale ***agriculture*** is therefore integral to this and seen as a critical driver of the economy. It fuels the rural non-farm sector, facilitating the movement of workers from farming into other industries. ***Agriculture***-led development is underpinned by food/commodity-based value chains. These chains are crucial to the success of smallholders and their access to higher value markets and the ensuing potential for long-term economic growth. A significant barrier, however, is the ever-growing demands from the global market for quality and higher production standards. These are often far easier for smallholders in developed countries to adopt due to their easier access to information and technology. Smallholders in the developing world, such as Burundi, are often much less able to access what they need to meet international expectations. They also often face issues of scale, needing to be able to meet production volumes well in excess of what they typically need domestically.

One way for small-scale ***agriculture*** businesses to compete and prosper in the global market is through cooperatives and group associations. This has worked well for smallholders to achieve the value train troika of safety, quality, and scale, without encountering prohibitive costs and increasing their leverage globally. There are four essential parameters identified by Bro and Clay (2017) for successful value chain development:

* market access;

1. knowledge transfer and training;
2. distribution of gains; and
3. and a funnel for technical assistance.

The importance for Burundi to successfully develop the value chain of their coffee industry is because it accounts for more than 70 per cent of the country’s total export revenues and is the main source of income for over 800,000 households. A majority of these households function as smallholders, working on farms two hectares or less, with an average of 150-200 coffee trees. For much of Burundi’s history, the coffee industry was overseen and controlled by the state. They owned the CWSs and took control of the sale and distribution of the coffee once it was delivered to the CWSs. This severely limited the ability for the smallholders to get maximum returns on their product. In the past 10 years, however, much of Burundi’s coffee sector has been privatized, and the system for state-owned CWSs and how they sell coffee has been made more transparent. Smallholders are now able to sell directly to suppliers, or to private CWSs, meaning they can earn more profit.

**Has Burundi Agribusiness *Program* helped Burundi’s coffee?**

Bro and Clay (2017) have three null hypotheses guiding their research: *H1.* ***Program*** support [in BAP] results in higher rates of technology adoption by CWSs.*H2.* ***Program*** support results in higher cupping scores.*H3.* ***Program*** support results in relationships with international buyers through direct trade contracts.

Between the data points of 2007 and 2012, the number of CWSs in Burundi increased from 141 (133 state owned and 8 private) to 178 (92 stated owned and 86 private). The privately owned CWSs are split into two groups → those owned by individual entrepreneurs and those owned by farmer cooperatives.

Data show that the amount of technological adoption by CWSs from 2007 to 2012 has seen a significant increase. Every type of integral technology has seen an increase in use, many from 0 per cent use in 2007. Training was provided through BAP, quantified by four levels known as the BAP ***Intervention*** Index (Level 4 being the highest rated). All CWSs were invited to the training, but only 80 per cent accepted. The results show that those CWSs that reached Level 4 were seen to adopt the largest amount of technologies, with the lower levels adopting proportionately less. Even those CWSs that did not accept the training provided were seen to indirectly benefit and adopt technologies due to the perceived benefits demonstrated by other CWSs.

In terms of coffee quality, the scores given by international expert judges at cupping competitions showed that those CWSs that reached the BAP Index Level 4 were the best, with the lower levels getting proportionately lower scores. The improvement in quality meant better international direct trade links were possible. A total of 100 per cent of Level 4 CWSs were able to market through direct channels, compared to just 17.1 per cent of Level 1 CWSs. As such, in every measurable way, the ***strategic*** value chain investments of BAP in CWSs were able to improve the quality and functionality of the coffee smallholders in Burundi. The more training provided, and the higher the level of technology adoption, the better the results.

**Comment**

The review is based on “Transforming Burundi’s coffee sector through ***strategic*** value chain investments” by Aniseh Bro and Daniel C. Clay, published in the *Journal of Agribusiness in Developing and Emerging Economies*.

**Load-Date:** April 2, 2020

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[***Washington: DEPARTMENT OF THE INTERIOR, ENVIRONMENT, AND RELATED AGENCIES APPROPRIATIONS ACT, 2018***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PGT-5JY1-JDG9-Y49T-00000-00&context=1516831)

Impact News Service

September 13, 2017 Wednesday

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**Body**

Washington: The Library of Congress, The Government of USA has issued the following house proceeding:

 The SPEAKER pro tempore. Pursuant to House Resolution 504 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the state of the Union for the further consideration of the bill, H.R 3354. Will the gentleman from Michigan (Mr. Mitchell) kindly resume the chair. {time} 1922 In the Committee of the Whole Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R 3354) making appropriations for the Department of the Interior, environment, and related agencies for the fiscal year ending September 30, 2018, and for other purposes, with Mr. Mitchell (Acting Chair) in the chair. The Clerk read the title of the bill. The Acting CHAIR.

When the Committee of the Whole rose earlier today, amendment No. 156 printed in House Report 155-297, offered by the gentleman from Pennsylvania (Mr. Kelly) had been disposed of. Amendment No. 158 Offered by Ms. Bonamici The Acting CHAIR. It is now in order to consider amendment No. 158 printed in House Report 115-297. Ms. BONAMICI. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: Page 767, line 24, insert ``(increased by $51,000,000'') after the dollar amount. Page 770, line 18, insert ``(reduced by $64,000,000'') after the 1st dollar amount. The Acting CHAIR. Pursuant to House Resolution 504, the gentlewoman from Oregon (Ms. Bonamici) and a Member opposed each will control 5 minutes. The Chair recognizes the gentlewoman from Oregon. Ms. BONAMICI. Mr. Chairman, I rise today to offer an amendment to increase funding for senior nutrition ***programs*** under title III of the Older Americans Act. My amendment funds these ***programs*** at levels authorized by the House just last year. We are in the middle of an unprecedented demographic shift as this country ages. The population of older adults is growing faster than at any point in history. As we grow older, we all want people across the country to be able to age with dignity, health, and independence in their own homes and communities for as long as possible. For more than 50 years, the Older Americans Act has supported community-based providers that reach more than 11 million seniors and caregivers annually in each and every one of our districts providing person-centered assistance to help people age in place. These critical OAA services include home-delivered and congregate meals to make sure that older adults are getting the nutrition needed to keep them healthy and engaged, which reduces the risk of falls, depression, and other negative outcomes. Just a few weeks ago, I had the pleasure of joining dedicated volunteers to deliver Meals on Wheels to seniors in northwest Oregon. I highly recommend this to my colleagues. You can see firsthand the value of these ***programs*** and how important these meals and visits are to our constituents who rely on them. The Older Americans Act also covers transportation to get older adults to the doctor, the grocery store, or even to a local senior center to engage with friends and avoid isolation. The OAA funds critical disaster assistance response efforts for seniors and communities like those just devastated by Hurricanes Harvey and Irma. Unfortunately, funding for the Older Americans Act has drastically lagged behind the growth in the older adult population, the increasing need for services, and the rising cost of delivering these supports. This stagnant and, in some areas, eroding Federal investment in OAA ***programs*** costs us more in the long term. When seniors can't stay healthy at home, they end up in hospitals paid for by Medicare or in institutional long-term care, often funded by Medicaid. Both are far more expensive than adequate investments in the Older Americans Act to keep seniors healthy at home for as long as possible. Support for the Older American Act is strongly bipartisan. Last year, Congress voted without opposition to reauthorize the Older Americans Act, a bill that included modest increases in authorized funding levels. Unfortunately, annual appropriations still fall woefully short of these [[Page H7292]] amounts we clearly and firmly approved. This amendment will increase funding for core OAA ***programs*** delivered through title III--which include critical nutrition, home- and community-based support, and caregiver services--to the amounts that were just so broadly supported last year. These investments in OAA are necessary if we are to provide the person-centered, cost-effective in-home services and supports needed to keep our expanding older population healthy and independent in their homes and communities. This amendment is an essential first step toward rectifying the recent depletion of these important funds for these vital ***programs***. Mr. Chair, I reserve the balance of my time. Mr. COLE. Mr. Chairman, I rise in opposition to the amendment. The Acting CHAIR. The gentleman from Oklahoma is recognized for 5 minutes. Mr. COLE. Mr. Chairman, I appreciate the gentlewoman's concern for ***programs*** that support vulnerable seniors. Frankly, my committee has provided increases for these ***programs*** in prior years because, like her, we understand how valuable and important they are to keeping seniors independent in their homes. As the gentlewoman knows, our subcommittee received an allocation below last year's level, and we were not in a position to provide another year of increases to these ***programs***. The amendment reduces the administration funds available to the Secretary of Health and Human Services. A reduction of this magnitude would significantly hinder the Secretary's ability to administer the agency. For this reason, Mr. Chairman, I oppose the amendment. I reserve the balance of my time. Ms. BONAMICI. Mr. Chair, I yield 1 minute to the gentleman from Virginia (Mr. Scott), who is the ranking member of the Education and the Workforce Committee, and is someone who understands the importance of these investments. Mr. SCOTT of Virginia. Mr. Chairman, I would like to thank Ms. Bonamici, the vice ranking member of the Education and the Workforce Committee, for offering the amendment and for her leadership on issues affecting older Americans. The Older Americans Act was first passed 50 years ago as part of Lyndon Johnson's War on Poverty. It helps older Americans live with dignity and stay connected with their communities. I am proud that last year we were able to pass a 3-year bipartisan reauthorization that increased funding for the ***programs***. But had our investments in these ***programs*** actually kept up with inflation and growing populations, the authorization levels would have been even much more. But, thankfully, the reauthorization moved us in the right direction. This amendment would bring funding for supportive services, nutrition ***programs***, and caregiver supports in line with the authorized level. Even though these are not fully adequate to address the total need, it is another step in the right direction. So I support the amendment and our commitment to older Americans. We can maintain that commitment by adopting this amendment, so I thank the gentlewoman for offering it. Ms. BONAMICI. Mr. Chair, may I please inquire as to the remaining time. The Acting CHAIR. The gentlewoman from Oregon has 1 minute remaining. Ms. BONAMICI. Mr. Chairman, I yield 45 seconds to the gentlewoman from California (Ms. Lee), who serves on the Appropriations Committee. Ms. LEE. Mr. Chairman, first, I thank the gentlewoman from Oregon for introducing this amendment. I rise in support of it. We have to really let our seniors know that we care about them. My mother passed away a couple of years ago. She was 90 years old. I recognized personally the importance of comprehensive services to ensure that our seniors have a quality of life that they so deserve in their senior years. This also helps taxpayers and families avoid paying for more expensive healthcare and long-term care services. So I thank the gentlewoman again on behalf of our constituents. This will strengthen our communities, and I ask for an ``aye'' vote. Ms. BONAMICI. Mr. Chair, I urge all of my colleagues to support this important amendment that is a good investment to save in the long term and take care of our seniors. Mr. Chair, I yield back the balance of my time. Mr. COLE. Mr. Chairman, I yield back the balance of my time. {time} 1930 The Acting CHAIR. The question is on the amendment offered by the gentlewoman from Oregon (Ms. Bonamici). The amendment was rejected. Amendment No. 160 Offered by Mr. Ben Ray Lujan of New Mexico The Acting CHAIR. It is now in order to consider amendment No. 160 printed in House Report 115-297. Mr. BEN RAY LUJAN of New Mexico. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: Page 770, line 18, after the first dollar amount, insert ``(reduced by $2,000,000) (increased by $2,000,000)''. The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from New Mexico (Mr. Ben Ray Lujan) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from New Mexico. Mr. BEN RAY LUJAN of New Mexico. Mr. Chairman, my amendment provides $2 million in dedicated funding for peer support and paraprofessionals as part of the Behavioral Health Workforce Education and Training ***program***. Ensuring all Americans have access to affordable and high-quality mental health services should not be a partisan issue. It is simply the right thing to do. The purpose of the Behavioral Health Workforce Education and Training ***program***, which this amendment funds, is to add additional training to serve populations especially in rural and medically underserved areas. The BHWET ***program*** helps close the gap in access to behavioral healthcare by establishing partnerships with a broad range of organizations and community partners to ensure a wide recruitment of students, opportunities for field placements, career development, and to provide job placement services. These efforts will increase the number of able behavorial health providers serving populations across their lifespan, including persons in rural, medically underserved, and vulnerable communities. Peer support has improved health outcomes while lowering healthcare costs. In fact, there is growing evidence that peer support-related strategies can be used as more engaging and successful solutions than current hospital and emergency room care-related options. Peer support ***programs*** provide individualized, managed care to those who need it the most. Many studies have shown the vast benefits to patients who utilize peer support. For example, a 3-year pilot project called the Peer Health Navigation ***Intervention***, or ``The Bridge,'' showed that peer support, in addition to a variety of other positive outcomes, shifted the focus of healthcare from urgent care and emergency room visits to outpatient primary care. Furthermore, many studies have shown the potential cost savings that the increased implementation of peer support can deliver. A 2006 study demonstrated that, for patients using day treatment, the use of certified peer specialists led to a $5,497 cost reduction per person per year. Another successful ***program*** based out of Denver, Colorado, showed a return on investment of $2.28 for every dollar spent. As evidenced by these and other studies, a small investment in peer support services will greatly reduce healthcare costs in the long run. The current system for treating behavioral health issues is not sufficient to serve those who need help. It is unacceptable that more than 50 percent of primary care patients with depression go undiagnosed and two-thirds of primary care providers have no ability to prescribe outpatient behavioral health for their patients. Additionally, dedicated funding for peer support paraprofessionals will be essential in helping address the current lack of access to behavioral health services in our healthcare system. [[Page H7293]] This modest amount of funding for a community-based partnership ***program*** will make an enormous difference for millions of Americans who deserve access to behavioral health services, and I reserve the balance of my time. Mr. COLE. Mr. Chairman, I claim the time in opposition. The Acting CHAIR. The gentleman from Oklahoma is recognized for 5 minutes. Mr. COLE. Mr. Chairman, I appreciate the gentleman's concern. He raises, I think, a genuinely important issue. Our committee understands the value of the Behavioral Health Workforce Education and Training ***program***, which is why we did not accept the administration's budget request which actually canceled the ***program***. Our committee, as my friend knows, received an allocation that was lower than fiscal year 2017, so we had to make some tough decisions. I want my friend to know we will work with him going forward and see if we can arrive at a solution that he finds more satisfactory in the final bill. Mr. Chairman, I reserve the balance of my time. Mr. BEN RAY LUJAN of New Mexico. Mr. Chairman, may I inquire how much time is remaining. The Acting CHAIR. The gentleman has 2 minutes remaining. Mr. BEN RAY LUJAN of New Mexico. Mr. Chairman, I yield to the gentlewoman from California (Ms. Lee). Ms. LEE. Mr. Chairman, I rise in strong support of Mr. Lujan's amendment, and I want to thank him for this. I shared earlier that I, by profession, am a psychiatric social worker. I actually founded a community mental health center. It was called Change, Incorporated. As part of this community mental health center, we had a ***program***. That ***program*** was to train individuals in peer support. This was in the day. I can tell you what Mr. Lujan has said about the goals and the successes of peer support services. It can't be overstated. This amendment would close this shortage in services for individuals who need them. As chair of the Social Work Caucus, again, psychologists, psychiatric social workers, and clinical social workers agree that peer support for individuals who may or may not have earned an advanced degree is extremely important because they can understand and they know what the needs of their clients are. Studies have shown that peer support services help to reduce emergency room visits by individuals suffering from depression. I urge my colleagues to support this amendment. I know from personal experience that it works. It is a cost-saving measure, and it really helps people suffering from mental illness. We should really recognize the need out there. It is still great, even as I reflect upon my community mental health center, Change, Incorporated. Mr. BEN RAY LUJAN of New Mexico. Mr. Chairman, I yield back the balance of my time. Mr. COLE. Mr. Chairman, I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from New Mexico (Mr. Ben Ray Lujan). The question was taken; and the Acting Chair announced that the noes appeared to have it. Mr. BEN RAY LUJAN of New Mexico. Mr. Chairman, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from New Mexico will be postponed. Amendment No. 161 Offered by Mrs. Lowey The Acting CHAIR. It is now in order to consider amendment No. 161 printed in House Report 115-297. Mrs. LOWEY. Mr. Chairman, I rise as the designee of the gentlewoman from Connecticut (Ms. DeLauro), and I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: Page 794, line 15, after the first dollar amount insert ``(increased by $100,000,000)''. Page 794, line 15, after the second dollar amount insert ``(increased by $100,000,000)''. Page 794, line 19, after the dollar amount insert ``(increased by $100,000,000)''. Page 805, line 25, after the dollar amount insert ``(decreased by $100,000,000)''. The Acting CHAIR. Pursuant to House Resolution 504, the gentlewoman from New York (Mrs. Lowey) and a Member opposed each will control 5 minutes. The Chair recognizes the gentlewoman from New York. Mrs. LOWEY. Mr. Chairman, nearly 1.7 million children, including more than 87,000 in my home State of New York, rely on afterschool ***programs*** supported through the 21st Century Community Learning Centers to provide a safe, enriching environment to learn. Yet this bill would cut funding for afterschool ***programs***, leaving tens of thousands of students without educational ***programs*** as well as drug and violence prevention counseling, arts, music, recreation, and more. We should invest more, not less, in our children. This amendment would restore funding to the 21st Century Community Learning Centers ***program*** so our students can have access to the safe afterschool enrichment they deserve. Mr. Chairman, I urge support for my amendment, and I reserve the balance of my time. Mr. COLE. Mr. Chairman, I rise in opposition to the amendment. The Acting CHAIR. The gentleman from Oklahoma is recognized for 5 minutes. Mr. COLE. Mr. Chairman, I thank the gentlewoman for the amendment and for working with our good friend who couldn't be here tonight to make sure that this issue that I know she cares deeply about and I know my friend cares deeply about is raised. I tell the gentlewoman that I will continue work with her as we move forward in the appropriations process this year. I hope we can reach an agreement, particularly in this area. I understand the gentlelady's frustration with finding a large enough offset to accommodate the increase she proposes. However, her amendment would actually reduce resources for the Department of Education by nearly a quarter. I think this would jeopardize the Department's ability to administer the very ***program*** she seeks to increase. So I will reluctantly oppose the amendment at this time. I believe the offset within the Department of Education administrative account is just simply too much. Again, I want to reiterate to my friend that I look forward to working with her as we go forward and perhaps receiving a different allocation under a House-Senate agreement in the future. Mr. Chairman, I reserve the balance of my time. Mrs. LOWEY. Mr. Chairman, I appreciate the gentleman's kind and thoughtful words about afterschool ***programs***. There are over 18 million children whose parents want to take advantage of afterschool ***programs***, but they lack access in the area where they live. That is why we work to fund our national network of afterschool ***programs*** through the 21st Century Community Learning Centers initiative. I urge my colleagues to support this amendment, and I just want to say to the distinguished chair that I appreciate his positive comments about this ***program***. I look forward to a better allocation as the process moves forward, and I look forward to having him and my colleagues on both sides of the aisle join me in supporting this very important ***program***. Mr. Chairman, I urge my colleagues to support this amendment, and I yield back the balance of my time. Mr. COLE. Mr. Chairman, I yield to the gentleman from Wisconsin (Mr. Grothman). Mr. GROTHMAN. Mr. Chairman, I want to point something out. I am glad I have a chance to speak on this amendment. When I was growing up, I spent a lot of time before school, a lot of time after school, and a lot of time in summer school being supervised by my parents. They did a great job. I think before we fall all over ourselves to make sure the government is the one supervising people all the time, we ought to remember it is good to educate the public that parents are responsible for a little of this as well, and nobody loves their kids like their parents. Mrs. LOWEY. Mr. Chairman, will the gentleman from Oklahoma yield? Mr. COLE. Mr. Chairman, may I inquire as to how much time I have remaining. [[Page H7294]] The Acting CHAIR. The gentleman from Oklahoma has 3\1/2\ minutes remaining. Mr. COLE. Mr. Chairman, I yield to the gentlewoman from New York (Mrs. Lowey). Mrs. LOWEY. I thank the distinguished chairman for yielding to me. Again, I look forward to working with him and the other members of our committee as we expand the budget. Mr. Chairman, I want to say to the distinguished gentleman who spoke before, I grew up in the Bronx, New York. I was fortunate to have my mother not working at the time. She was able to supervise me. I had many wonderful play dates. I would like to say to the distinguished gentleman, in my community where this ***program*** is so essential, many of these people are working two, three jobs. The mother is working two or three jobs; the father is working two or three jobs. For some of these families, there is only one parent. Perhaps you can come visit my district. I would like you to come to Port Chester, New York. This was one of the first afterschool ***programs*** I was fortunate to be able to support with this account. I would love you to come and visit and see what these ***programs*** do, which is provide important support for their parents who want to help and want to be supportive of their children, but sometimes these jobs do stand in the way. These ***programs*** are so very important, and I look forward to working with my colleagues on both sides of the aisle in providing more funding. Mr. COLE. Mr. Chairman, having yielded to people on both sides of the debate, I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentlewoman from New York (Mrs. Lowey). The question was taken; and the Acting Chair announced that the noes appeared to have it. Mrs. LOWEY. Mr. Chairman, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentlewoman from New York will be postponed. {time} 1945 Amendment No. 164 Offered by Mr. Courtney The Acting CHAIR. It is now in order to consider amendment No. 164 printed in House Report 115-297. Mr. COURTNEY. Mr. Chair, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: Page 796, line 5, insert after the dollar amount `` ``(reduced by $1,184,000) (increased by $1,184,000)''. The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from Connecticut (Mr. Courtney) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Connecticut. Mr. COURTNEY. Mr. Chair, this, I think, is a very modest amendment, which just simply seeks to restore a cut to the existing 2017 level of support for the Magnet Schools Assistance ***Program***, which is a ***program*** which has been around for quite a while. It actually was reauthorized in the Every Student Succeeds Act in 2015, which was a great bipartisan success for K-12 education. And again, this ***program*** provides support for magnet schools all across the country. There are 4,340 magnet schools in the U.S 3.5 million students benefit from magnet ***programs***, which again, are administered by local school districts and utilize a variety of academic themes such as STEM, Language Immersion, Career and Technical Education, Visual and Performing Arts, just to name a few. Again, it is a strategy which also provides a regional structure to the student population and promotes diversity. It has done great things in terms of Connecticut in terms of ending racial isolation. Again, unfortunately, the magnet schools have sort of seen a steady sort of decline from 10 years ago in terms of Federal support for it, and this amendment really is just basically saying enough. I mean, we should, again, restore an amount, which I indicated is very modest, of $1.1 million to this account, and offset and paid for. And again, I think it just will allow a lot of school districts and communities to continue the great work that they are doing with magnet ***programs***. I want to conclude my initial remarks by, again, thanking the chairman and also Congresswoman Lee for their kind remarks about my colleague and neighbor from Connecticut, Rosa DeLauro, who lost her mother, Luisa DeLauro, a 103-year-old amazing woman. We all marvel at Rosa's energy and passion, but if you have ever met Luisa, you would understand where it came from because she was an amazing woman, just a great inspiration for her daughter who, I think, made her so proud in terms of the great work that she has done in the Congress. Mr. Chairman, I reserve the balance of my time. Mr. COLE. Mr. Chairman, I rise in opposition to the amendment. The Acting CHAIR. The gentleman from Oklahoma is recognized for 5 minutes. Mr. COLE. Mr. Chairman, I want to thank the gentleman, quite sincerely, for his amendment. And again, as I will oft repeat tonight, as the gentleman knows, we had to cut $5 billion from this bill, and we had to make some genuinely tough choices. In this case, we accepted the President's recommended funding level for magnet schools, and we were also able to increase charter schools, though not by as much as the President requested. Charter schools have demonstrated effectiveness in providing a real choice in quality education for millions of students around the country. If we have a change in our allocation in conference, I will gladly take another look at the magnet school ***program*** to evaluate additional funding there. I think my friend makes a very good case on their behalf; however, at this time, simply because of reasons of allocation, I will oppose the amendment because the offset reduces charter school grants, which I strongly support. Mr. Chairman, I reserve the balance of my time. Mr. COURTNEY. Mr. Chair, I yield 1 minute to the gentlewoman from California (Ms. Lee). Ms. LEE. Mr. Chairman, I want to thank the gentleman for offering this amendment, and I rise in strong support of it. It restores funding to the Magnet Schools Assistance ***Program***. Now, 60 years after Brown v. Board of Education, the data shows that many schools and communities continue to suffer from the vestiges of segregation and that many of our Nation's largest school districts remain starkly segregated along racial and economic lines. Now, I just have to say, when I started elementary school, schools were segregated in El Paso, Texas. Sixty years later, now, it is really something. We have come a long way, but we have a long way to go. This amendment, the Magnet Schools Assistance ***Program***--the amendment helps assist school districts in promoting desegregation long overdue. I am glad that we increased this ***program*** in fiscal 2017 omnibus by $1 million. That additional funding was intended to allow the ***program*** to increase the total number of grantees. I was disappointed to see that the majority took a step back from the progress that we had made and imposed a cut to this ***program*** in the underlying bill. Why in the world would the majority not want to see school segregation ended? This amendment certainly leads us in that direction, and I strongly support it, and I hope you would reconsider your opposition because many of us remember those days. Mr. COLE. Mr. Chairman, I yield myself such time as I may consume. Mr. Chairman, I disagree with my friend about charter schools. Actually, charter schools have provided enormous opportunity for children of every race, every ethnic background. They have been particularly effective, I think, in minority areas, so I reject any suggestion that the decisions we made had anything to do with race or racism or that the charter school movement is involved in that. I just don't think that is the case. But I do agree in the importance of magnet schools, and if we get a different allocation, we are going to sit down and work with our friends to see [[Page H7295]] if we can also make some progress in that area. But at this time, I am going to continue to oppose the amendment. Mr. Chairman, I reserve the balance of my time. Mr. COURTNEY. Mr. Chair, may I ask how much time I have left. The Acting CHAIR (Mr. Murphy of Pennsylvania). The gentleman from Connecticut has 2 minutes remaining. Mr. COURTNEY. Mr. Chair, again, briefly, I appreciate the gentleman's comments. I would just note, though, if you go back 10 years ago, the disparity between charter school funding at the Federal level versus magnet schools was two to one in favor of charters. We are at a point today where, with this budget, it will be four to one in terms of disparity between the two. I would acknowledge the gentleman's comments that there are some areas where charter schools have provided great benefits, but there is no question that, in terms of breaking down racial isolation, magnet schools have a much better batting average, and that has been studied and reported over the years. My daughter attended a magnet school in the Hartford area, and again, with a totally diverse population, and again, it is probably the most highly rated high school, secondary school, in the State of Connecticut, according to U.S News and World Report. So again, the quality of magnet schools, I think, are high in the record in terms of their goal, which is to break down racial isolation. I think it surpasses charter schools. This amendment would leave a 7.7 percent increase in funding for charter schools. It is not an attack on charter school funding. It just simply restores last year's level of spending for magnet schools, a very modest measure. And again, I look forward, hopefully, to working with the gentleman, but I really believe strongly that this is not asking too much to protect magnet school funding, and that is why I would ask the Chamber to support this amendment. Mr. Chair, I yield back the balance of my time. Mr. COLE. Mr. Chairman, I yield myself such time as I may consume. Mr. Chairman, I want to assure my friend I certainly don't take the amendment as an attack on charter schools any more than I accept the idea that, by funding charter schools, we are involved in promoting racial segregation. That is not what we are trying to do here. We have a genuine debate over the best vehicles to go forward. I happen to think both these vehicles are good vehicles. I have seen what the charter school movement, frankly, has meant in New Orleans, what it has meant in this city, the opportunities that it has opened to thousands and thousands of students of all racial backgrounds. And the administration, as my friend knows, has put a particular emphasis here. And while we increase funding, we are not anywhere close to what the administration wanted to do. So I want to reiterate to my friend from Connecticut that we intend to work with him if we have an allocation change where we can find some additional resources, because I think he makes a very good point, and I very much value the contributions that magnet schools also have made to try to improve educational outcomes across the spectrum for our students. Mr. Chairman, I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from Connecticut (Mr. Courtney). The question was taken; and the Acting Chair announced that the noes appeared to have it. Mr. COURTNEY. Mr. Chair, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Connecticut will be postponed. The Chair understands that amendment No. 165 will not be offered. Amendment No. 167 Offered by Mr. Lewis of Minnesota The Acting CHAIR. It is now in order to consider amendment No. 167 printed in House Report 115-297. Mr. LEWIS of Minnesota. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: Page 801, line 25, after the dollar amount, insert ``(increased by $70,246,000)''. Page 802, line 25, after the dollar amount, insert ``(reduced by $70,246,000)''. The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from Minnesota (Mr. Lewis) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Minnesota. Mr. LEWIS of Minnesota. Mr. Chairman, our Nation is facing a skills gap, a student completion crisis at both the high school and college levels, and record levels of student debt. The status quo is unacceptable. We must do better for our students by truly supporting career and technical education as a pathway to success. CTE has been shown to dramatically increase high school graduation rates, increase postsecondary access, and, most i

mportantly, get students to a degree and a well paying career. More than 75 percent of CTE concentrators pursued postsecondary education shortly after high school, and four out of five students earned a credential or were enrolled 2 years later. Dual enrollment allows high school CTE students to earn college credit and significantly increase their likelihood of pursuing and completing college, all the while saving their families money. The key is that CTE students often don't need an extensive 4-year education, as many attend a great 2-year technical college and then head right into the workplace with little debt and skills to excel. We must fight this narrative--one some of my colleagues are still pushing--that a 2-year technical degree is a lesser educational option. This way of thinking is simply harmful to our Nation's students and our Nation. My amendment increases funding for CTE State grants by $70 million, transferring the funding from an increase to TRIO and GEAR UP. It does not cut funding to TRIO and GEAR UP but continues funding these ***programs*** at fiscal year 2017 levels, the highest funding levels in ***program*** history. The TRIO and GEAR UP ***programs*** received significant funding increases over the past decade, including a $50 million increase in 2017, leaving the ***programs*** with proposed funding $230 million above their 2007 level. Instead of an increase for TRIO and GEAR UP this next fiscal year, my amendment makes an overdue investment in career and technical education and in our Nation's students. Mr. Chairman, I reserve the balance of my time. Mr. COLE. Mr. Chairman, I claim the time in opposition to the amendment. The Acting CHAIR. The gentleman from Oklahoma is recognized for 5 minutes. Mr. COLE. Mr. Chairman, I want to begin by thanking my friend from Minnesota for the amendment. I am a big fan of career and technical education, and, frankly, along with the State of Ohio, Oklahoma probably has the most robust and strongest career technical education ***program*** of any State in the country. It is actually something we fund ourselves, for the most part. I would recommend other people do the same. I am also, you know, frankly, as my friend knows, dealing with a cut of $5 billion from the bill. In this case, the gentleman seeks to cut TRIO funding to pay for his amendment. In my opinion, it is totally misguided. Since the TRIO ***program*** began, it has ***produced*** over 5 million college graduates, and those college graduates were almost exclusively from families where no one had ever had the opportunity to go. This is a proven successful ***program***. It has helped literally millions of first generations of college students, so I strongly support TRIO and will not support cuts in this ***program***; so I, therefore, oppose the amendment. Mr. Chairman, I reserve the balance of my time. Mr. LEWIS of Minnesota. Mr. Chairman, I yield 30 seconds to the gentleman from Michigan (Mr. Mitchell). Mr. MITCHELL. Mr. Chairman, I rise in support of the amendment to increase funding for current technical education ***programs***. For some people, pursuing their desired career means securing a college degree. In my 30-year career in workforce education, I have seen firsthand this [[Page H7296]] isn't the right path for everyone. Unfortunately, too often, success has been defined by the 4-year-or-bust model, leaving students who would be better served by current technical education behind, out in the cold, and leaving job creators unable to find qualified workers for in-demand jobs. {time} 2000 Democrats and Republicans agree that the skills gap is a serious problem challenging our workforce. More importantly, my constituents, schools, and employers throughout my district recognize this is a crisis that needs to be addressed. Mr. Chairman, I urge passage of the amendment. Mr. COLE. Mr. Chairman, I yield 1 minute to the gentlewoman from Massachusetts (Ms. Clark), a member of the subcommittee. Ms. CLARK of Massachusetts. Mr. Chairman, I thank the gentleman from Oklahoma for yielding me time. While this amendment increases career and technical education funding, a worthy goal that I support, it comes at the expense of funding for critical higher education ***programs*** that support low-income and minority students. Career and technical education funds help ensure students are well prepared for further education employment in high-skilled, high-demand jobs in the 21st century economy. In days before the election, President Trump, in reference to CTE, said: ``We're going to start it up big league.'' Secretary DeVos, a few months ago, said: `` . . . this administration is committed to supporting and highlighting career and technical education.'' Despite these promises, the Trump-DeVos budget cuts CTE by $168 million, or 15 percent. I am glad to see my colleagues on the other side of the aisle proposing to increase our investment in this critical area, but I am deeply concerned that the amendment proposes to slash $70 million in funding. Mr. LEWIS of Minnesota. Mr. Chairman, I yield 30 seconds to the gentleman from Wisconsin (Mr. Grothman). Mr. GROTHMAN. Mr. Chairman, I have 30 seconds, so I will give any listeners a suggestion. I suggest you spend some time at your local tech school or your local trade school and ask the people who teach there how many of their students are former 4-year students who cannot find a job in the field in which they thought. These people can have a family-supporting job 8 or 9 years earlier if they are directed to a technical education or a trade school. They will be supporting their families and be able to do that when they are 21 or 22 rather than 31 or 32. You will learn a lot if you talk to your local tech school or trade school. Mr. COLE. Mr. Chairman, I yield 1 minute to the distinguished gentleman from Virginia (Mr. Scott). Mr. SCOTT of Virginia. Mr. Chairman, I thank the gentleman for yielding. Mr. Chairman, this amendment would take money from important college access ***programs***, GEAR UP and TRIO, and use it to increase important funding for career and technical education. Because of the way the amendment is drafted, it would also jeopardize funding for minority- serving institutions to be used to increase that funding. This amendment reduces funding for ***programs*** meant to improve college access for low-income students. First of all, whether it is CTE or TRIO, all of these ***programs*** don't have enough money. One should not be stripped for the sake of another. By lifting one ***program*** that leads to one opportunity over neglecting another that leads to another opportunity, you limit the choice of future life outcomes at a time when members of the next generation should be able to choose the best opportunity for them. Mr. Chairman, I urge my colleagues to vote ``no'' on this amendment and try to fund both more robustly. Ms. MOORE. Mr. Chairman, as the designee of Ranking Member Lowey, I move to strike the last word. The Acting CHAIR (Mr. Mitchell). The gentlewoman is recognized for 5 minutes. Ms. MOORE. Mr. Chairman, as the co-chair of the bipartisan Congressional TRIO Caucus, I find this amendment, which would cut $60 million in funding from TRIO educational services that assist veterans and low-income and first-generation college students, deeply disturbing and misaligned with our national economic interests. It sends the misguided message that only university education is unnecessary for low-income students. You know, just get a little job training and go straight to work. I might make the observation that I don't see anybody over there who has less than a bachelor's degree, and I know my good friend has a law degree. While career and technical education is very, very important, low- income students and our country's economic viability deserve the option of educating some of our students at a 4-year-degree level. For us to maintain hegemony in the world, we need people like Steve Jobs, who was not a trust fund baby, who was not a legacy kid, but someone who had the talent and ability. We need to provide opportunity to the larger pool of talent in our country in order to be able to create the next iPhone. I will give you a really good example, Mr. Chairman. There is a student who happens to live in southeastern Minnesota. As a matter of fact, he lives in the Second Congressional District. He was once a homeless student living in poverty, but he participated in a TRIO ***program*** at a university in Minnesota's Second District. Now, as a graduate student at Johns Hopkins University, he is the founder of a biomedical startup company with the mission of launching technology to innovate a disease diagnostic tool that has been found to be cost effective and will be utilized worldwide. Hunter Lin could not have benefited from just a 2-year degree. TRIO has given him the chance to get not only out of homelessness, but the ability to really create economic prosperity in our country. In Minnesota's Second Congressional District, there are 1,521 TRIO students being served at four institutions, including two community colleges. Mr. Chairman, I urge my colleagues to vote ``no'' on this harmful amendment, and I yield back the balance of my time. Mr. LEWIS of Minnesota. Mr. Chairman, I yield 1 minute to the gentlewoman from North Carolina (Ms. Foxx). Ms. FOXX. Mr. Chairman, I thank the gentleman from the Education and the Workforce Committee, Mr. Lewis, for offering this amendment. At a time when U.S job openings are at a record 6.2 million, America faces a skills shortage. Employers all over the country tell us they need more employees who are skilled. I have said this before, and I will say it again for so long as I am here: All education is career education. I am a former TRIO director. I am not opposed to TRIO. This is not an effort to diminish access to baccalaureate degrees, but to give priority to ***programs*** that are helping Americans learn the skills they need for good, high-paying jobs. Research has shown that graduates with a technical or applied sciences associate's degree outearn baccalaureate degree holders by between $2,000 and $11,000. Earlier this year, the House passed the Strengthening Career and Technical Education for the 21st Century Act. That bill and this amendment are important steps to make sure all Americans have access to an education that helps them develop the skills they need to have a successful life. I am proud to support this amendment. Mr. LEWIS of Minnesota. Mr. Chairman, it is unfortunate to see some of my colleagues claim that career and technical education is somehow the separate or lesser pathway to a 4-year college degree. These claims are neither factual nor are they very genuine. CTE promotes college access, with 91 percent of high school graduates who earn a 2- to 3- year CTE credit going on to enroll in college. When partisan politics gets injected into workforce development policy, it is students across the Nation who lose. I can tell you that, throughout the Second District, I have employers and students dying for these opportunities from all backgrounds. The current bill leaves CTE State grants with funding $60 million below [[Page H7297]] what they received 10 years ago, while TRIO receives funding $110 million above both its authorized level and what the ***program*** received just 2 years ago. My amendment supports all of our students and their diverse ambitions and affirms career and technical education as a viable pathway to success. Mr. Chairman, I urge my colleagues to support this amendment. Our students are waiting for it, our employers are waiting for it, and our country is waiting for it. Mr. Chairman, I yield back the balance of my time. Mr. COLE. Mr. Chairman, I yield myself such time as I may consume. It has been a good and robust debate, but I don't think it has been a particularly partisan debate. As a matter of fact, I see people on both sides of the aisle that actually have both solutions. My friend, Mr. Scott, may have the best solution of all: let's plus-up both of these ***programs*** because they both do a lot of good. But, in this case, I don't think you make one the enemy of the other. I have seen TRIO ***programs*** work, and I have seen how many jobs they ***produce***. We are not serving anywhere close to the population eligible for TRIO. Somewhere less than 10 percent of the eligible students actually take advantage of the ***program***. Again, my State invests very heavily, probably more heavily than most other States that I would suggest do the same thing Ohio and Oklahoma have done. And these ***programs*** which my friend rightly champions, I have seen people actually raise their own taxes so they could have a career or technical institute. So I think there is merit to both of these approaches. But I do also think 5 million college graduates from people who did not have the chance to go is something this country ought to think about. The statistics tell us each of those graduates in a lifetime earn $1 million more than they would have. I promise you, the Federal Government will get its share of that million dollars. This is a ***program*** that has paid for itself over and over again. Perhaps as we go forward, we can find other ways to help both of these ***programs*** capitalize on their potential. So while I agree with the objective my friend is trying to achieve, I don't agree in achieving it at the expense of TRIO or GEAR UP. Mr. Chairman, I oppose the amendment, and I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from Minnesota (Mr. Lewis). The question was taken; and the Acting Chair announced that the noes appeared to have it. Mr. LEWIS of Minnesota. Mr. Chairman, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Minnesota will be postponed. Amendment No. 168 Offered by Mr. Grothman The Acting CHAIR. It is now in order to consider amendment No. 168 printed in House Report 115-297. Mr. GROTHMAN. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: Page 802, line 19, after the dollar amount, insert ``(decreased by $33,954,220)''. Page 805, line 25, after the dollar amount, insert ``(decreased by $8,620,000)''. Page 806, line 8, after the dollar amount, insert ``(decreased by $1,185,120)''. Page 856, line 11, after the dollar amount, insert ``(increased by $43,759,340)''. The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from Wisconsin (Mr. Grothman) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Wisconsin. Mr. GROTHMAN. Mr. Chairman, I yield myself such time as I may consume. I rise in support of an amendment to reduce funding by 2 percent for the Department of Education's Office of ***Program*** Administration, Inspector General, and Student Aid Administration. I say this because, even a month ago, it was apparent that when we wind up doing the appropriations bill or an omnibus bill or wherever we are, we are probably going to be borrowing about 14 percent of that budget. Then in the last month, we have had two hurricanes hit America, and we have already set aside another $15 billion. I want to remind people here that we are approaching $20 trillion in debt--$60,000 for every man, woman, and child in this country. If you have a family of four, they are $240,000 in debt. I think given those numbers, every Congressman, when they look at this appropriation document, ought to make as their primary goal spending less money. And again, we are borrowing like 14 percent. When I was a State legislator, I dealt several times with people from the Department of Education; and, honestly, the few times I dealt with them, I never felt that their positions or what they were doing helped anybody at all. It looked like they almost had too many people there. So I think a small reduction of 2 percent is something that we should all be supportive of, make a little bit of a dent on that deficit and a little bit of a dent on that huge sea of money we voted for--including myself--working its way towards Florida and Texas. Mr. Chairman, I reserve the balance of my time. Mr. COLE. Mr. Chairman, I claim the time in opposition to the amendment. The Acting CHAIR. The gentleman from Oklahoma is recognized for 5 minutes. Mr. COLE. Mr. Chairman, the gentleman from Wisconsin is a good friend. We serve on the Budget Committee together, and, frankly, I know how sincere his concern about the issues that he lays out is. I know how hard he fought on that committee, and oftentimes we were unlikely allies in a number of places. {time} 2015 So I know this is a passion and a sincere commitment. I remind my friend, he knows I know he would have preferred more, but this bill is $5 billion less than it was last year. He certainly had some success, and success that I agree with, but in this particular case, if I understand the gentleman's amendment correctly, it would basically cut education administration by $43 million, a roughly 10 percent cut across the board in the administrative areas. Or is it just a 2 percent cut in everything? Mr. GROTHMAN. Will the gentleman yield? Mr. COLE. I yield to the gentleman from Wisconsin. Mr. GROTHMAN. No. It is a 2 percent cut in administration, inspector general, and student aid. Mr. COLE. Okay. But substantial reductions, and in ***programs*** that have already been cut. So for that reason, I would oppose my friend's additional cuts, but I would hope to work with him going forward in something that I know he knows is a far greater driver of our debt, and that is entitlement reform. That is where the money is. We end up fighting every year over discretionary accounts that are relatively minor compared to the behemoths of Social Security, Medicare, Medicaid, and the other so-called mandatory ***programs***. They are only mandatory because Congress doesn't have the courage to pick up the law and actually deal with them. So I am going to work with my friend in that area because I know he is sincere. In this case, I feel compelled to oppose the amendment. Mr. Chair, I reserve the balance of my time. Mr. GROTHMAN. Mr. Chair, I think we have had enough debate, and I yield back the balance of my time. Mr. COLE. Mr. Chair, I yield 1 minute to the distinguished gentleman from Virginia (Mr. Scott). Mr. SCOTT of Virginia. Mr. Chairman, I thank the gentleman for yielding. Mr. Chairman, one of the agencies affected by this amendment is the Department of Education's Office of Inspector General that is responsible for conducting independent and objective audits and investigations. It is through this agency that we can review offices like the Federal Student Aid office, and Congress can learn about policies and practices that need to be improved. It was just last March that the OIG investigated that department and found that Congress needs to do more to [[Page H7298]] monitor colleges with unstable finances in order to protect students and taxpayers from abrupt school closures. Any cuts to this agency will reduce the chances that such findings will be made, and reduce consumer protections. Therefore, I urge my colleagues to vote ``no'' on this amendment. Mr. COLE. Mr. Chair, I yield 1 minute to the distinguished gentlewoman from Massachusetts (Ms. Clark), a member of the subcommittee. Ms. CLARK of Massachusetts. Mr. Chairman, this amendment would decimate the ability of the Department of Education to meet the needs of Americans by indiscriminately transferring $44 million to the spending reduction account. This does nothing to improve the bill, which is already underfunded. The majority has imposed a $5 billion cut to the Labor-HHS bill below the 2017 omnibus level. Further cuts are completely unnecessary. That is not all. This $5 billion is also below the nondefense levels allowed under the Budget Control Act. We have the resources available, but the majority refuses to allocate them to essential ***programs*** funded through this bill. The Department will simply have to do less with less. That is not good for the American people, and it is not good for our constituents. A Department with fewer resources to oversee the Student Aid portfolio, and as Mr. Scott pointed out, the Office of Inspector General's ability to promote efficiencies within the Department and investigate fraud, will be hampered. Mr. Chair, for these reasons, I oppose the amendment. Mr. COLE. Mr. Chairman, I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from Wisconsin (Mr. Grothman). The question was taken; and the Acting Chair announced that the noes appeared to have it. Mr. GROTHMAN. Mr. Chair, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Wisconsin will be postponed. It is now in order to consider amendment No. 169 printed in House Report 115-297. Amendment No. 170 Offered by Mr. Grothman The Acting CHAIR. It is now in order to consider amendment No. 170 printed in House Report 115-297. Mr. GROTHMAN. Mr. Chair, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: Page 817, line 23, after the dollar amount, insert ``(reduced by $99,000,000)''. Page 856, line 11, after the dollar amount, insert ``(increased by $99,000,000)''. The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from Wisconsin (Mr. Grothman) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Wisconsin. Mr. GROTHMAN. Mr. Chair, I rise today in support of my amendment, which will reduce funding for the National Labor Relations Board by $99 million in fiscal year 2018. Since its inception, the NLRB has served as a partisan board that flips in ideology from one administration to the next, often cutting businesses off at the knees and stifling economic growth. In just the last 8 years of the Obama administration, the NLRB managed to overturn a total of 4,105 collective years of precedent in 90 cases. In cases such as the ambush election rule and the joint employer rule, the board significantly overstepped their bounds and dipped their hands into the day-to-day business operations of hardworking Americans. Now, let me be clear: I am not here to attack the unions. I wish more people would join unions under the amendment that we just dealt with. I believe that employees should have the right to join a union if they think that joining a union is best for them and their family. But the fact remains, since 1990, the NLRB has received 65 percent fewer election petitions and 40 percent fewer unfair labor practice charges. Meanwhile, while private sector labor representation has decreased in the last 25 years, the NLRB's budget has increased in inflation- adjusted dollars by close to $50 million. My amendment would implement a necessary reduction to the NLRB, which will bring their funding in line with their expected workload for the upcoming fiscal year. Specifically, my amendment saves taxpayers close to $100 million in the upcoming fiscal year and provides private industry with relief that the NLRB will have to focus on the most pressing cases that arise rather than engaging in partisan witch hunts. Mr. Chair, I urge my colleagues to support my amendment, and I reserve the balance of my time. Ms. CLARK of Massachusetts. Mr. Chairman, I rise in opposition to the amendment. The Acting CHAIR. The gentlewoman is recognized for 5 minutes. Ms. CLARK of Massachusetts. Mr. Chair, I rise in strong opposition to this amendment, which would cut the NLRB's budget by nearly $100 million below the House bill, which is already $25 million below the fiscal year 2017 level. Under this amendment, the NLRB would be required to furlough 1,500 employees for at least 140 days. That means 1,500 employees across 26 States would be unpaid for nearly 5 months. As a result, the NLRB would develop a backlog of 10,000 to 12,000 cases, which would indefinitely delay the resolution of pending cases of unfair labor practices. Perhaps my colleagues don't realize that most of the NLRB's work is not controversial. At the regional level, about 21,000 charges are filed every year, and 95 percent of those charges are dismissed or resolved within 60 to 70 days after an investigation of facts. In other words, 19 out of 20 charges filed are resolved without litigation. For charges at the regional level, 90 percent of the cases with probable merit are settled, which means they are resolved without needing to be heard before the NLRB's five-member board. For cases taken to the board, about 70 percent of the decisions are unanimous, meaning they are bipartisan. That is how the process is supposed to work. Why would we cripple an agency that is tasked with enforcing Federal labor laws? Does the majority believe that labor laws should not be enforced? Should a worker who is unlawfully fired for exercising their rights be met with a sign on the door that says, ``Closed. Will reopen in 5 months''? Closing the NLRB for 5 months would exacerbate disputes between employers and employees, and create a harmful disruption to our economy. Mr. Chair, I urge that we reject this amendment. Mr. Chair, I yield 1 minute to the gentleman from Virginia (Mr. Scott), the distinguished ranking member of the Education and the Workforce Committee. Mr. SCOTT of Virginia. Mr. Chair, I thank the gentlewoman for yielding. Mr. Chair, as my colleagues have made clear, this amendment would impose a 45 percent cut on the NLRB budget. The NLRB would expect that these cuts could lead to the closure of regional offices in 17 States, but it is really the American workforce and our economy that would suffer. We benefit from a worker's right to exercise freedom of association. These cuts will delay NLRB-conducted representation or decertification elections and delay democracy for workers who deserve a timely vote. In the past 3 years, the NLRB has reinstated 7,000 workers who were unlawfully fired by their employers, and the NLRB has awarded over $191 million to workers in backpay or fees. Mr. Chairman, justice delayed is justice denied. Delayed justice is what this amendment would inflict. Mr. Chairman, I urge a ``no'' vote on this amendment. Mr. GROTHMAN. Mr. Chair, my only other comment is assuming that figure of employees is right, and this is not the total number of employees, just the employees that she envisions being cut, 1,500. I always kind of look at my State, which is about typical in size. That would be 30 employees on a board that I wouldn't think our forefathers would have thought of. So people have to consider for themselves, I guess, whether the average State would even need 30 employees. Here we are just [[Page H7299]] cutting 30. We are still leaving the bulk of the agency in existence. Mr. Chair, I yield back the balance of my time. Ms. CLARK of Massachusetts. Mr. Chairman, this amendment is an insult to the millions of American workers who deserve to be treated fairly and in a timely manner under the law. Mr. Chair, I urge my colleagues to reject this amendment, and I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from Wisconsin (Mr. Grothman). The question was taken; and the Acting Chair announced that the noes appeared to have it. Mr. GROTHMAN. Mr. Chair, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Wisconsin will be postponed. It is now in order to consider amendment No. 171 printed in House Report 115-297. Amendment No. 172 Offered by Mr. Meadows The Acting CHAIR. It is now in order to consider amendment No. 172 printed in House Report 115-297. Mr. MEADOWS. Mr. Chair, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: At the end of division F (before the short title), insert the following: Sec. \_\_. The Coal Mine Safety and Health ***program*** area of the Mine Safety and Health Administration, comprising 964 employees, with annual salaries aggregating $78,970,000, is hereby reduced by 10 percent (comprising 96 employees, with annual salaries aggregating $7,897,000). The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from North Carolina (Mr. Meadows) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from North Carolina. Mr. MEADOWS. Mr. Chairman, I want to start out this evening by recognizing the fine work of Chairman Cole. I can tell you that there are many times in this Chamber that they want to pit members of my conference against appropriators. This is not one of those times. I just want to rise and acknowledge the great work of Chairman Cole and Chairman Frelinghuysen, and, truly, of the entire Appropriations Committee. Regardless of whether my amendment passes or not, I ***plan*** to vote for the underlying bill. Yet, with this commonsense amendment that we put forth, Mr. Chairman, we are really looking to try to make sure that we rightsize a group that has been under attack, and this is all about the coal industry. What we have found is that under the previous administration, there was an unbelievable attack on all fossil fuels, but specifically the coal industry. {time} 2030 This actually goes about rightsizing MSHA, which is the mine safety and health group that will inspect the mines. What we found is we have fewer mines to actually inspect. My amendment is real straightforward. It is saying: let's rightsize that particular group. Let's cut the number of employees that we have there by 10 percent. They have less mines to inspect. I can tell you, coming from a State that has mining in every one of the counties that I have the privilege of serving, what we need to understand is that it is not about safety of mine workers, because I am for the safety of mine workers; we really need to look at being responsible with the hardworking American taxpayer dollars. That is what this amendment is about. Mr. Chairman, the hour is late, so I reserve the balance of my time. Mrs. LOWEY. Mr. Chairman, I rise in strong opposition to the amendment. The Acting CHAIR. The gentlewoman from New York is recognized for 5 minutes. Mrs. LOWEY. Knowing, Mr. Chairman, of the gentleman's commitment to families, and I know that the gentleman's family is committed to their children, I am totally shocked that this amendment will be addressed tonight on the floor of the House. This amendment, my friend, would cut personnel. Mothers and fathers will be directly affected by this. This amendment will cut the personnel whose responsibility it is to ensure the safety and health of our Nation's coal miners. The proposed amendment, my friend, would cut the Mine Safety Health Administration coal enforcement personnel by 10 percent, would result in the Mine Safety Health Administration being forced to violate Federal law because it would be unable to fulfill its statutorily mandated duty to inspect underground coal mines every 3 months. We have seen what happens, my friends, when mandatory inspections are cut back and the number of experienced mine inspectors are reduced to coal miners that cut corners on safety. Following the massive explosion in 2010, at Upper Big Branch, which killed 29 coal miners in the worst coal mine disaster in the country in four decades, investigators found that mine management had consistently violated basic safety standards such as ventilation and rock dusting intended to prevent coal dust explosions. The number of violations at this mine were among the highest in the Nation. The ultimate responsibility, my friends, for that disaster lays squarely at the feet of mine management, including its CEO Don Blankenship, who was criminally convicted of a misdemeanor and served the maximum of 1 year for conspiring to violate mine safety standards. It is also clear from the internal review that due to budget cuts during the Bush administration, MSHA, the Mine Safety and Health Administration, became severely short staffed. There were too few inspectors to meet the requirement for mandatory inspections. You cannot underfund mine safety and health and expect to adequately protect the lives of miners. We know what happens when safety takes a back seat to profits. People die. Mr. Chairman, I yield 2 minutes to the gentleman from Virginia (Mr. Scott), the distinguished ranking member of the Education and the Workforce Committee. Mr. SCOTT of Virginia. Mr. Chairman, this amendment irresponsibly cuts funding for coal mine safety and health by 10 percent, cuts 96 positions in the Mine Safety and Health Administration, or MSHA. The Federal Mine Safety and Health Act of 1977 established MSHA and requires MSHA to conduct four wall-to-wall inspections every year on underground mines and two wall-to-wall inspections for every surface mine. These are mandatory and required for safety in the mines. MSHA is required to conduct spot inspections every 5 days at those coal mines that release large amounts of combustible methane since those mines have the highest risk of fires and explosions. In addition to the mandatory and spot inspections, MSHA responds to hazard complaints from miners, investigates discrimination complaints, and provides compliance assistance with standards such as the new rule to prevent the scourge of black lung disease. If this amendment is enacted, 96 positions will be cut and MSHA will have to choose between the mandatory inspections or meeting its obligation to implement these other essential functions. It can't do both, yet all of these functions are necessary to protect the health and safety of miners. Mr. Chairman, the preamble of the Mine Act of 1977 states: ``The first . . . concern of all in the coal''--or other--``mining industry must be the health and safety of its most precious resource--the miner.'' This amendment abandons Congress' commitment to America's miners and should be rejected. Mr. Chairman, I include in the Record a letter from Cecil E. Roberts, the International President of the United Mine Workers of America, in opposition to this amendment. United Mine Workers of America, Triangle, VA, September 7, 2017. Members of the House of Representatives, U.S Congress, Washington, DC. Dear Representative: On behalf of the United Mine Workers of America, I strongly urge you to reject the Amendment offered by Representative Mark Meadows of North Carolina that would reduce the Coal Mine Safety and Health ***program*** and workforce at the Mine Safety and Health Administration. At a time when mining fatalities are on the rise, we should be looking for ways to increase enforcement and oversight of mining [[Page H7300]] operations, not make it harder to ensure that our miners are safe. America's miners put their lives and limbs on the line every single day for us. Our government has a responsibility to do all it can do to ensure they come home to their loved ones at the end of their shift. This amendment is a step backward in safety, putting miners at greater risk. I strongly urge that it be rejected. Sincerely, Cecil E. Roberts,. Mrs. LOWEY. In closing, this amendment would irresponsibly cut staffing by 10 percent at an agency responsible for the safety and health of our Nation's coal miners. Mr. Chairman, lives are at stake. Mr. Chairman, I strongly oppose this amendment, I urge my colleagues to reject it, and I yield back the balance of my time. Mr. MEADOWS. Mr. Chairman, I rise to acknowledge my dear friend from New York and her impassioned plea, but we have made news here tonight. All of a sudden, the people on the aisle opposite are all about the coal miners. Where has that debate been for the last 8 years? We start talking about kids and family. What about the coal miners' kids and families? We have got 35 percent less coal mines that are being actually operated right now, 35 percent. We have 43 percent less coal miners. We are talking about kids and all the things that we need to be doing, and we have cut back on the coal mining. Why don't we cut back on the inspectors who, according to our numbers, have 35 percent less mines to actually inspect? It is time that we rightsize the government. I strongly encourage my colleagues to support it. I thank the work of the chairman. Mr. Chairman, I yield back the balance of my time. Mrs. LOWEY. Mr. Chair, I move to strike the last word. The Acting CHAIR. The gentlewoman from New York is recognized for 5 minutes. Mrs. LOWEY. Mr. Chairman, I would like to address a closing remark to my good friend from North Carolina, and I know that my good friend and I have worked together, Mr. Chairman, on many important issues. I would just like to say again that whether there are 1,000 miners or 50 miners, and I understand the gentleman's concern about the closing of mines, but we have a responsibility to those who are still working in those mines to make sure that they are safe. I would ask my colleagues to vote against this amendment because it is absolutely vital that we protect those outstanding workers who are supporting their families and make sure they are safe. Mr. Chairman, I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from North Carolina (Mr. Meadows). The question was taken; and the Acting Chair announced that the ayes appeared to have it. Mrs. LOWEY. Mr. Chair, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from North Carolina will be postponed. Amendment No. 173 Offered by Mr. Walberg The Acting CHAIR. It is now in order to consider amendment No. 173 printed in House Report 115-297. Mr. WALBERG. Mr. Chair, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: At the end of division F (before the short title), insert the following: Sec. \_\_\_. None of the funds made available by this Act may be used to implement, administer, or enforce the final rule on ``Representation--Case Procedures'' published in the Federal Register by the National Labor Relations Board on December 15, 2014 (79 Fed. Reg. 74308 et seq.) or any rule of the same substance. The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from Michigan (Mr. Walberg) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Michigan. Mr. WALBERG. Mr. Chairman, I, too, want to thank Chairman Cole for the good effort on this piece of legislation. I rise to offer an amendment to H.R 3354 that would block the NLRB from enforcing the extreme and partisan ambush election rule. Under the ambush election rule, workers are being rushed into union elections before they have the opportunity to consider all the consequences. According to one report, since the ambush election rule took effect, union elections have been organized 38 percent faster. Before this rule took effect, the union election process typically took 38 days. Now, workers may have as few as 11 days to consider whether joining a union is the best decision for themselves. Eleven days is simply not enough time for workers to make an important decision that impacts their job and their paycheck. In addition to speeding up the process, the NLRB's rule greatly limits an employer's ability to communicate with its employees through the pre-election hearing process. To make matters worse, employers have as little as 7 days to find legal counsel and appear before an NLRB election officer--7 days. This is a taxing time constraint, especially on small businesses with limited resources and a lawyer team that is nonexistent. But workers are the ones who are really hurt the most. As a former union worker myself, I respect the right of workers to join a union, but they deserve a real choice in the matter and the opportunity to hear from both sides of the debate. At the very least, they deserve privacy as they come to their decision, but this rule forces employers to hand over their employees' personal information, including phone numbers, work schedules, home addresses, e-mail addresses, and work locations. The NLRB should ensure fair and transparent elections. Instead, the board implemented a rule chilling employer free speech and restricting the rights of workers. By adopting this amendment to block the ambush election rule, we can restore the rights of workers and employers in union elections. I would note that there is still more to be done beyond blocking funding of this extreme rule. The Workforce Democracy and Fairness Act, which I introduced earlier this year, would amend Federal law to ensure union elections are fair and prevent similar NLRB overreach in the future. This commonsense bill was approved by the Education and the Workforce Committee, and it is my hope that it will come up for a vote in the House, but today we have an opportunity to take a first step toward putting an end to this radical scheme once and for all. Mr. Chair, I urge all Members to support this amendment, as well as the underlying bill, and I reserve the balance of my time. Ms. CLARK of Massachusetts. Mr. Chairman, I rise in opposition to the amendment. The Acting CHAIR. The gentlewoman is recognized for 5 minutes. Ms. CLARK of Massachusetts. Mr. Chairman, I rise in strong opposition to this amendment which would block the NLRB's election rule, an attempt to undermine collective bargaining rights. The NLRB enacted this rule to modernize and streamline the process for voting on union representation. To be clear, the NLRB undertook a very deliberative rulemaking process. It was transparent, and it included input from stakeholders and the public. {time} 2045 The majority's claim that this rule enables ambush elections is false. These are commonsense adjustments that eliminate unnecessary delays that have hindered the union election process for decades. The election rule provides for the timely exchange of information so that issues can be resolved quickly. It improves workers' ability to hear from all sides prior to making a decision, and it reduces frivolous litigation. I urge my colleagues to oppose this amendment, and I reserve the balance of my time. Mr. WALBERG. Mr. Chairman, I reserve the balance of my time. Ms. CLARK of Massachusetts. Mr. Chairman, I yield 3 minutes to the gentleman from Virginia (Mr. Scott), the distinguished ranking member of the Education and the Workforce Committee. Mr. SCOTT of Virginia. Mr. Chairman, I rise in opposition to the amendment offered by Mr. Walberg that [[Page H7301]] would block the National Labor Relations Board election streamlining rule because this amendment would result in reverting to a previous rule that would result in needless delays in the process for conducting union representation elections. The election streamlining rule was adopted in 2015, and it has increased transparency, reduced frivolous litigation, and decreased the opportunity for bad actors to improperly delay union elections. The preelection process previously had been open to manipulation, delay, and drawn-out preelection maneuvering. I point out that the so- called 11-day election that has been referred to can only occur if both sides agree to a consent election. Another part of the rule requires the employer to provide more modern forms of employee contact information to the union prior to the elections, such as email addresses and phone numbers, as opposed to the previous requirement that the employer only provide home addresses. Under the new rule, employers must provide this electronically within 2 days of ordering an election. By ensuring that there is a timely transfer of more complete voter contact information, the rule removed another obstacle that had denied workers the opportunity to be more fully informed prior to voting on whether or not to form a union. The employer, of course, already has unfettered and unlimited access to communicate with employees, even on work time. I also want to point out that the NLRB's election procedures are now settled law. Every court where this rule has been challenged has upheld the rule. The fifth circuit, for example, said that the Board ``acted rationally and in furtherance of its congressional mandate in adopting the rule.'' The U.S District Court for the District of Columbia held that ``the Board engaged in comprehensive analysis of a multitude of issues relating to the need for and the propriety of the final rule.'' Mr. Chairman, history has shown when workers' rights are respected, the economy benefits. Protecting workers' rights to make their voices heard helped build a strong middle class. Research shows that the erosion of union density has weakened the middle class and exacerbated wage stagnation by breaking the essential link between increasing worker productivity and rising wages. This amendment undermines workers in their ability to exercise their right to collectively bargain. Plain and simple, the workers have a right to join a union, and if they ask for an election, they should get an election--not a delay, not interference, and not retaliation. Mr. Chair, I urge my colleagues to vote ``no'' on this amendment. Mr. WALBERG. Mr. Chairman, I appreciate the comments of my colleagues from the Education and the Workforce Committee. We have debated that very clearly. We have discussed the fact that individuals ought to be able to make a decision and have a full understanding of what is available for them. But when we talk about a streamlining rule, it only works for the union organizer. It doesn't work for the employee, and certainly not for the small-business person who isn't blessed with having a large lawyer team, attorney team, who can go into all of the background information to find out how, indeed, they even represent themselves and communicate with their employees in relationship to a union that is well-versed in what they will do with their challenge in the lawyered- up situation that they have. It discourages any comprehensive study by the employee--let me state that again--by the employee of what they are looking at with union representation or without. Seven days for a businessperson to get their act together is not a streamlining that works for them. It works for the union organizer alone, not the employee or the employer. Mr. Chairman, I continue to state that, if we truly want our employees to make informed decisions with all of the information that can be available to them and the assistance needed so that both sides are served when they look for a final decision, we must do away with this rule. Mr. Chair, I yield back the balance of my time. Ms. CLARK of Massachusetts. Mr. Chairman, I yield 1 minute to the gentleman from Colorado (Mr. Polis), a member of the Education and the Workforce Committee. Mr. POLIS. Mr. Chair, I thank the gentlewoman. This is about giving both sides--the workers seeking to organize and the employer--the opportunity to make their case to workers fairly and expeditiously. Prior to this case, in every case, employers would have access with ways to pester and bug employees at home, through their personal email, through their phone numbers. There was simply no way that there was any equality given to the case for union organizers to make. In fact, union organizers often had to try to find ways that they could reach to simply make the case to workers so that they can make a fair choice. In addition, I find it ridiculous that this is called, by those on the other side, an ambush when, in fact, the only ambush is when they ambush the right of workers to organize by drawing out the election process to months and years, often beyond when many of the employees involved are even at the same employer because of the adverse working conditions that could have led them to organize in the first place. This rule was done through a multistakeholder process. There was a lot input from all sides, and it was a very thoughtful rule that gave a level playing field to ensure that workers, should they desire to organize, had a reasonable calendar for doing so and a reasonable way of reaching other workers to tell them the benefits of organizing, just as the company was telling them the downside. Mr. Chair, I encourage my colleagues to reject this amendment which throws out a very thoughtful rule that levels the playing field in labor relations. Ms. CLARK of Massachusetts. I yield back the balance of my time. The Acting CHAIR (Mr. Arrington). The question is on the amendment offered by the gentleman from Michigan (Mr. Walberg). The question was taken; and the Acting Chair announced that the ayes appeared to have it. Ms. CLARK of Massachusetts. Mr. Chair, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Michigan will be postponed. Amendment No. 174 Offered by Mrs. Blackburn The Acting CHAIR. It is now in order to consider amendment No. 174 printed in House Report 115-297. Mrs. BLACKBURN. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: At the end of division F (before the short title), insert the following: Sec. \_\_\_. Each amount made available by this Act (other than an amount required to be made available by a provision of law) is hereby reduced by 1 percent. The Acting CHAIR. Pursuant to House Resolution 504, the gentlewoman from Tennessee (Mrs. Blackburn) and a Member opposed each will control 5 minutes. The Chair recognizes the gentlewoman from Tennessee. Mrs. BLACKBURN. Mr. Chairman, I appreciate the recognition, and I want to begin by commending Chairman Cole, his staff, and the Appropriations Committee for the fine work that they have done. As we are looking at the Labor, HHS, and Education appropriations bill, we are looking at $156 billion for fiscal year 2018. My amendment would cut an additional 1 percent out of that number. I think it is important to commend the work that they have done over the past couple of years. If you go back and look at the appropriations numbers in 2016, they were at $163.65 billion; 2017, down to $162.985 billion; and this year, at $156 billion. I think that that work is to be commended. The leadership in this House, the chairman, Chairman Cole, and the work that they are doing is getting us on the right path. It is important that as we as Members of Congress do our job, it is important that we engage the [[Page H7302]] rank-and-file employees that are there in these various agencies--over at the Department of Education and at Labor and HHS--and make certain that they are saving that one penny out of a dollar, because we hit a pretty dubious marker this week. Our national debt now is at $20 trillion, and because of this, because of the responsibility that we have to our children, to our grandchildren, to future generations, because we realize, as Admiral Mullen said on July 6, 2010, the greatest threat to our Nation's security is our Nation's debt, we need to do a little bit more. And, of course, there are always good ***programs*** that we can stand here and talk about, and talk about what will not be funded if we do a penny on a dollar. But the important thing to realize is future generations, my grandchildren that are now 8 and 9 years old, are paying for ***programs*** that we are refusing to address the growth in these ***programs***. We are committing money they have not earned, taxes they have not paid, because we are $20 trillion in debt. It is time to make these changes, and I reserve the balance of my time. Mr. COLE. Mr. Chairman, I rise in opposition to the amendment. The Acting CHAIR. The gentleman from Oklahoma is recognized for 5 minutes. Mr. COLE. Mr. Chair, I want to begin by thanking my friend. We are classmates, we are friends, and we have served on the Budget Committee together. So I know the commitment to fiscal responsibility is serious and continuing and real. I particularly want to thank her for her kind words about the work of the committee in recent years because we genuinely have tried to continuously lower the amounts of money. My friend makes a very good point about the dangers we face in terms of a skyrocketing national debt, but as my friend suggests, we have already cut this more than 1 percent. I am not suggesting there aren't areas that can be cut additionally. There probably are. But as an appropriator, we prefer to look at things individually, one at a time, because there are always areas that could be plussed-up as well. I don't think anybody here really wants to cut money, even 1 percent, from cancer funding or Alzheimer's research or Pell grants or ***programs*** that we think actually help folks have an educational choice, like charter schools, and yet that is always the impact of an across-the- board cut. You cut things that need to be cut, for sure, but you also cut some things that probably shouldn't be. So we would prefer to continue the approach that my friend has singled out and said that seems to work well, and we will do that, and I know she will be helpful in that. I also know my friend knows that the real drivers of our debt, frankly, are Social Security, Medicare, Medicaid, all entitlement ***programs***, our mandatory spending ***programs***. And that is where folks on both sides of the aisle, I think, need to get very, very serious, and the administration. Because we are never going to get to a balanced budget that I know my friend wants to achieve and I want to achieve until we put 70 percent of all spending, which is the entitlement spending, on the table for serious examination to be dealt with. I don't oppose the goals of my friend. I just have a different method of trying to achieve them. So far, in the last 3 years, we have been able to do that. We are going to continue to try and do that going forward. Mr. Chair, I reserve the balance of my time. Mrs. BLACKBURN. Mr. Chairman, we do always hear, well, you would take from this or that if you were doing across-the-board cuts. But just to my colleagues who are in the Chamber tonight and those who are watching, across-the-board cuts work at the local level and the State level because you look at that number that you need to hit and you get inside some ***programs*** more than others, and you find that penny on the dollar, and you find a way to yield a savings, and you examine what the priorities of a budget ought to be. That is the heavy lift. And while we are doing it with the work we do here in this Chamber and that the appropriators do, it is important that, just as Governors in our States--both Democratic and Republican Governors, by the way--just as mayors in towns and cities across this country do on a regular basis, and many are doing right now because fiscal years are beginning October 1, just as they do that work, we need to do it. {time} 2100 Do we need to look at entitlements? Yes, absolutely. I am for putting those issues on the table. I encourage our colleagues and our administration to do that. It is imperative because we are staring $20 trillion in debt. We are staring that in the face. How do you look at your children and grandchildren and say, ``That is okay. That is okay. Paying for $20 trillion worth of debt is easy''? The answer is you don't, because it is not. What it takes to address it is will. It takes resolve. It takes cutting back more than you have cut back before and examining ***programs*** that are essential. It is time to get serious about this. I encourage support of my amendment. Mr. Chairman, I yield back the balance of my time. Mr. COLE. Mr. Chairman, I yield 1 minute to the distinguished gentlewoman from Massachusetts (Ms. Clark), who is my good friend. Ms. CLARK of Massachusetts. Mr. Chairman, I thank the gentleman for yielding. Mr. Chairman, I rise in strong opposition to this amendment. The underlying bill is already underfunded. The majority has imposed a $5 billion cut to the Labor-HHS bill below the 2017 omnibus level. This cut is as unnecessary as it is indiscriminate because it indiscriminately cuts ***programs*** in this bill without thought to the relative merit. For instance, this amendment would result in fewer infants and toddlers receiving Head Start's services, fewer students receiving financial aid to help afford college, fewer biomedical research grants, and cuts to public health emergency response. The list goes on and on. Investment is what we need to help build and strengthen our middle class, and this amendment threatens that. Mr. Chairman, I strongly urge Members to oppose this amendment. Mr. COLE. Mr. Chairman, I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentlewoman from Tennessee (Mrs. Blackburn). The question was taken; and the Acting Chair announced that the ayes appeared to have it. Ms. CLARK of Massachusetts. Mr. Chairman, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentlewoman from Tennessee will be postponed. Amendment No. 175 Offered by Mr. Murphy of Pennsylvania The Acting CHAIR. It is now in order to consider amendment No. 175 printed in House Report 115-297. Mr. MURPHY of Pennsylvania. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: At the end of division F (before the short title), insert the following: Sec. \_\_. For ``Health Resources and Services Administration--Maternal and Child Health'' for establishing and carrying out grants to eligible entities to develop, maintain, or enhance infant and early childhood mental health promotion, ***intervention***, and treatment ***programs*** for children up to 12 years of age, as authorized by section 399Z-2 of the Public Health Service Act (42 U.S.C 280h-6) there is hereby appropriated, and the amount otherwise provided by this Act for ``Health Resources and Services Administration--***Program*** Management'' is hereby reduced by, $5,000,000. The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from Pennsylvania (Mr. Murphy) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Pennsylvania. Mr. MURPHY of Pennsylvania. Mr. Chairman, this amendment is for infant and early childhood mental health promotion, ***intervention***, and treatment. It provides $5 million in grants to develop, maintain, or enhance infant and early childhood mental health promotion, ***intervention***, and treatment [[Page H7303]] ***programs***, including ***programs*** for infants and children at significant risk of developing or showing early signs of or having been diagnosed with mental illness, including serious emotional disturbance. This was passed and authorized in the Helping Families in Mental Health Crisis Act last year in Congress in which it was passed 422-2--near unanimous. The importance of this is that, across the United States, up to one in five children suffers from a mental disorder in a given year, according to the Centers for Disease Control and Prevention. This equates to more than 17 million young people who meet criteria for disorders that affect their ability to learn, behave, and express emotions. This small $5 million amount is about 29 cents per child, hardly enough to do much when distributed over that many, but it can do a great deal when distributed for a few. If you follow the course of children with mental illness, untreated mental illness, of course, leads to very troubled adults and other problems. I might add that this is National Suicide Prevention Week, and among children, suicide rates are climbing. In fact, over the last 20 years, suicide rates have climbed overall in this country. But, tragically and alarmingly, they have grown a great deal among children. How do we tell families of children who have completed a suicide or attempted a suicide that we couldn't come up with the money for this, and, instead, we thought other ***programs*** were more important? This money comes from the existing ***programming*** budget. It does not take away from vital ***programs***. But I want you to know that there has been a 54 percent increase of suicides among children under age 12. Thirty-seven percent of those child suicides are Black children. The rate among African-American children ages 5 to 11 has doubled over the last decade. This provides critically important services for children. It appears that schools are the most important place where treatment can take place. Only 23 percent of prekindergarten ***programs*** have onsite or scheduled visits from psychiatrists and psychologists, according to the Child Mind Institute. The current workforce consists of approximately 7,500 child and adolescent psychiatrists. We need 32,000. Eighty-five percent of all psychotropic medications for children are written by primary care practitioners, not psychiatrists, so we end up with serious problems here as suicides grow and as mental health problems grow. This small amount of money is taken from existing funds, not from any other ***programs***, to make sure we are providing services for these children. Mr. Chairman, I reserve the balance of my time. Mr. COLE. Mr. Chairman, I rise in opposition to the amendment. The Acting CHAIR. The gentleman from Oklahoma is recognized for 5 minutes. Mr. COLE. Mr. Chairman, I want to, again, thank my good friend for, as he always does, raising important issues, and I appreciate his bringing attention to the mental health of children. The amendment offered--and this is an important point I think many Members in this body don't think about--is actually for a newly authorized ***program*** that has not received funding in the past, and our committee actually has a smaller allocation than it had last year. I think most of the public doesn't realize it, and it is sort of helpful, frankly, for my friend to advance this amendment. Just because something moves through an authorizing committee doesn't mean any money comes with it. Now, in some cases--my friend worked on the Cures bill--they sent money with portions of that on the opioid initiatives, some additional money at NIH, and, of course, every penny of that has moved in. They found a way to fund it. But we can end up in a situation where you just simply pile on authorizations and send us less money and think we will somehow work it out. Sometimes we do. That is why we have been able to steadily increase funding at NIH, steadily increase funding for ***programs*** like TRIO and GEAR UP, and steadily increase money for charter schools. There are some areas we have been able to do that, but we can't do it everyplace. I want to tell my friend that, while I oppose the amendment, I am certainly going to work with him. Actually, I asked him not too long ago to give me the one thing that is the most important thing, and he mentioned the lack of trained and qualified personnel, that we could have a lot of ***programs***, but until we had a bigger pool of people capable of rendering the services, then we simply are going to be moving from ***program*** to ***program***. I think that was a very good point, and it is why I accepted my friend's amendment for $10 million to begin to do that. That is another area. I think we have to pick a few pressure points here. I agree with what my friend is offering here in terms of the need for emphasis. We just simply have to work harder either getting the funds or finding other places to take the funds from. So while I oppose the amendment, I want to be very clear that I intend to work with my friend going forward. Mr. Chairman, I reserve the balance of my time. Mr. MURPHY of Pennsylvania. Mr. Chairman, how much time do I have remaining? The Acting CHAIR. The gentleman has 1\1/2\ minutes remaining. Mr. MURPHY of Pennsylvania. Mr. Chairman, let me add to this. Yes, there was money in the Cures bill for opioid abuse for 59,000 people who had died from drug overdoses, but 350,000 people will die this year related to mental health problems. I want to make sure that Congress is not, once again, in a situation where we are having another moment of silence for some suicide, for some child or young adult that got violent and shot someone or ran their car into a crowd, or something else. We have got to start putting money into these ***programs***. Five million dollars barely scratches the surface, but it is like that old adage of the man who came across a child throwing a starfish back in the ocean. The person said: ``You can never take care of all of them.'' But the child said: ``It will make a difference for this one.'' This will make a difference to a few children. How do we explain this to a parent whose child is suffering, who can't get services, that what we have is we couldn't transfer money within an existing account, it doesn't add any more, and it doesn't eradicate any ***programs***, but it is something there especially at a time when this is so life threatening? You can't explain that to a mom or a dad. During all the time in the course of working this bill, we heard from thousands of people telling their horrific and sad stories. I spent the last 42 years of my life working as a psychologist. I have seen the faces of those who have gone to the funerals and seen those wasting away in prisons. I do ask that this amendment be adopted. Mr. Chairman, I yield back the balance of my time. Mr. COLE. Mr. Chairman, I yield 1 minute to the gentlewoman from Massachusetts (Ms. Clark), who is my good friend. Ms. CLARK of Massachusetts. Mr. Chairman, I thank the gentleman for yielding. Mr. Chairman, I do not oppose this amendment. In fact, I support my colleague's effort to improve access to early childhood mental health promotion, ***intervention***, and treatment. But I think it is important that we come back to why we are here tonight and why this $5 million for mental health ***programs*** is not included in this Labor-HHS bill under consideration. The reason is because this bill is being cut by $5 billion from FY17 levels. This is the end result that we get when the majority's efforts to slash nondefense spending come to fruition. We are forced to choose between lifesaving ***programs***, such as mental health and substance abuse ***programs***, and ***programs*** that invest in our future, like early childhood education or job training. We ought to be negotiating a bipartisan budget deal to lift the sequestration caps on both defense and nondefense ***programs***. Then we could begin working on a bipartisan base that will allow us to adequately fund mental health and substance abuse prevention. Mr. COLE. Mr. Chairman, I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. Murphy). [[Page H7304]] The question was taken; and the Acting Chair announced that the ayes appeared to have it. Mr. COLE. Mr. Chairman, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Pennsylvania will be postponed. Amendment No. 176 Offered by Mr. Murphy of Pennsylvania The Acting CHAIR. It is now in order to consider amendment No. 176 printed in House Report 115-297. Mr. MURPHY of Pennsylvania. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: At the end of division F (before the short title), insert the following: Sec. \_\_. For ``Health Resources and Services Administration--Maternal and Child Health'' for carrying out the Pediatric Mental Health Care Access grant ***program***, as authorized by section 330M of the Public Health Service Act (42 U.S.C 254c-19), there is hereby appropriated, and the amount otherwise provided by this Act for ``Health Resources and Services Administration--***Program*** Management'' is hereby reduced by, $9,000,000. The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from Pennsylvania (Mr. Murphy) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Pennsylvania. Mr. MURPHY of Pennsylvania. Mr. Chairman, this amendment increases access to pediatric mental healthcare by providing $9 million in grants to improve access to behavioral integration and pediatric primary care. I thank the chairman of the Labor, Health and Human Services, Education, and Related Agencies Subcommittee for his agreement to our other amendment to boost the workforce. We have a massive workforce shortage in the field of mental health. What good is it to have good wishes among Members of Congress for treatment, yet people can't get it? There is a shortage of child and adolescent psychiatrists for the 17 million children with a mental health condition. We have 9,000. We need over 30,000. There is a shortage of psychologists, and 36 States have a shortage of psychiatric nurses. As a matter of fact, half of the counties in America have no psychiatrists, no psychologists, and no clinical social worker. So for children with primary mental health problems, it is a desert for treatment. {time} 2115 They sit on long waiting lists. Their symptoms worsen. A study called the RAISE ***Program***--Recovery After an Initial Schizophrenia Episode--found that if we provided treatment initially for those who show their initial psychotic episode, it improves their prognosis over their lifetime. But delaying treatment actually causes them harm. When you have no care, you have that harm. For those few psychiatrists and psychologists out there, what are they told to do in rural areas? Travel from one office to another to try and give them access, with valuable hours of time taken up. They can't provide that care. This $9 million helps provide mechanisms by which pediatricians and family practices can have telemental health. We know that when a warm handoff occurs in the office--and that is when the family or the child at that point meets a psychiatrist or that psychologist--the actual follow-up rate is over 99 percent. A large number--over 80 percent-- continue follow-up right through treatment. However, when they are given a referral, that actual follow-up is around 50 percent, and only 11 percent of people complete treatment. That is why you need to have some level of face to face. This issue of at least providing telemental health gives people that face-to-face approach. Since 50 percent of serious mental illness cases emerge by age 14, and 75 percent by age 24, this is the critical period in the life of someone who is developing serious mental illness to have care. We can no longer just say that we are going to let pediatricians be the primary providers for mental illness treatment when that is something that they do not have the specialty and training. The number of psychiatrists there to treat children is declining relative to the needs. The problems among children, as I mentioned previously, continue to go up. I might also add here that this does not reduce any spending among the critical funded and authorized ***programs*** within SAMHSA. But let me say where some of the money goes in these SAMHSA ***programs***. The GAO did a study and found that 80 percent of the grants are not using it for evidence-based care. SAMHSA, instead, spends their money on ridiculous, embarrassing ***programs***: making fruit smoothies if you are stressed, $400,000 on a website for toddler sing-along songs, getting in touch with your inner animal workshops, making masks, making collages, a website and crisis hotline for people in the Boston area who had snow anxiety during a snowstorm, teaching people interpretative dancing, $25,000 for a painting of people sitting on a rock at SAMHSA headquarters, an alternative conference funded by SAMHSA at the luxurious Boston Park Plaza Hotel. And we can't fund something that will save children's lives? It makes no sense to me. Mr. Chairman, I reserve the balance of my time. Mr. COLE. Mr. Chairman, I rise in opposition to the amendment. The Acting CHAIR. The gentleman from Oklahoma is recognized for 5 minutes. Mr. COLE. Mr. Chairman, once again, I agree with my friend on the basic point, but this, too, is a ***program*** that was authorized with no funding. The things we got funding for in the 21st Century Cures Act, we funded to the penny. Frankly, things we didn't get funding for, we still authorized. This is one of those cases where, again, the cause is worthy, and we are willing to work with the gentleman--and we will certainly continue to do that--but a lot of these things that my friend just mentioned are from ***programs*** that were authorized by non-appropriations committees. We don't create the ***programs***. That is where my friends, frankly, on the Energy and Commerce Committee and the Ways and Means Committee need to spend some time. They need to spend some time deauthorizing certain ***programs*** that continue. Again, I will work with my friend if our allocation changes or we can find additional savings. But I can't willy-nilly, particularly when we have already cut these administrative ***programs***, partly in the en bloc amendment, to fund some of the very things, including my friend's amendment, that we felt were very worthy. We will look at this. The other thing that I would hope we could do is work with our friends on the other side of the aisle. I will just tell you, from a conference standpoint, when you go to a conference with a ***program*** that has been authorized but not funded, it is extremely difficult to get the other body to join in with you. That is just the reality. Every decision involves taking something away. It is always easy to call something administration or nonvital. That is what it looks like in the phrase. That may or may not be what it is in the ***program***. So it is just a more difficult exercise than I think most folks understand. My friend's point is still the right one. One of the reasons I look very carefully at this one is because I see it as a multiplier, in terms of the professional shortage of people that we have that my friend has pointed to. Mr. Chairman, again, I reluctantly oppose this amendment, and I reserve the balance of my time. Mr. MURPHY of Pennsylvania. Mr. Chairman, how much time do I have remaining? The Acting CHAIR. The gentleman has 1 minute remaining. Mr. MURPHY of Pennsylvania. Mr. Chairman, I reserve the balance of my time. Mr. COLE. Mr. Chairman, I yield 1 minute to the gentlewoman from Massachusetts (Ms. Clark). Ms. CLARK of Massachusetts. Mr. Chairman, again, I rise not in opposition to this amendment, but I support this effort by my colleague as well. Let's increase behavioral health integration into pediatric primary care, for I, too, have seen the shortages of mental health providers in my home State [[Page H7305]] and the very real and devastating impact that that has on families. This is a false crisis. There is $5 billion that we have cut from the FY17 levels, but this false crisis has very real impacts on the lives of children and their families. Let's get to the work of negotiating a bipartisan budget to lift sequestration caps on both defense and nondefense, and draft a reasonable Labor-HHS bill that adequately funds mental health and substance abuse prevention ***programs***. We have the opportunity and we need to seize it. Mr. MURPHY of Pennsylvania. Mr. Chairman, let me say this: I have got to tell you that this is distressing to me. I know what my colleague meant by false crisis, but this is a crisis for children. The children in America with mental health problems cannot get care. Members of Congress have an opportunity to put a small amount of money to make a big difference for children who cannot get that care. What we can do and what my colleague from Oklahoma said is we need to cut some things. One of them is stop the ridiculous wasteful spending at SAMHSA. If they can fund $400,000 websites and going to luxurious hotels, they can certainly do something that actually puts providers there so children can change the trajectory of their lives. I have just known too many families who suffer through this. I hope that as Members vote on this, they remember those families in their districts and decide this is a way to send a signal that we can make a big difference in the lives of many. Mr. Chairman, I yield back the balance of my time. Mr. COLE. Mr. Chairman, I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. Murphy). The question was taken; and the Acting Chair announced that the ayes appeared to have it. Mr. COLE. Mr. Chairman, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Pennsylvania will be postponed. Amendment No. 178 Offered by Mr. Murphy of Pennsylvania The Acting CHAIR. It is now in order to consider amendment No. 178 printed in House Report 115-297. Mr. MURPHY of Pennsylvania. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: At the end of division F (before the short title), insert the following: Sec. \_\_. For ``Substance Abuse and Mental Health Services Administration--Mental Health'' for establishing and operating the National Mental Health and Substance Use Policy Laboratory, as authorized by section 501A of the Public Health Service Act (42 U.S.C 290aa-0), there is hereby appropriated, and the amount otherwise provided by this Act for ``Substance Abuse and Mental Health Services Administration--Health Surveillance and ***Program*** Support'' is hereby reduced by, $5,000,000. The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from Pennsylvania (Mr. Murphy) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Pennsylvania. Mr. MURPHY of Pennsylvania. Mr. Chairman, I want to restate the problems that exist at SAMHSA. The General Accounting Office, during the multiyear investigation of the subcommittee which I chair, the Oversight and Investigations of the Committee on Energy and Commerce, came back and said that 80 percent of the grants for SAMHSA are not evidence-based. There is a serious problem in that agency. Instead, they funded absurd ***programs***, such as making fruit smoothies; and a $400,000 website for toddlers to sing-along songs, which they told us was about prevention. We asked: What are you preventing? They said: We will get back to you on that. They also had workshops on getting in touch with your inner animal, making masks and collages; interpretive dancing; a website and crisis line for people in the New England area when they had heavy a snowfall so they could call in. They have workshops on how to tell people to get off their medications. They had a $25,000 oil painting for their office, which graces their hall, of people sitting on a rock, which gives them mental health awareness. I might add, the only thing I am aware of is a total waste of money. And, of course, an alternative conference, which continues this year as well, spending, I think, $150,000 or so to hold their conference at the luxurious Boston Park Plaza Hotel. I don't want to hear from that agency that they don't have money. This particular ***program*** redirects them so they get reset in terms of evidence-based care. It forms a panel of people with expertise in medical psychiatric areas, including consumers. It is there to provide direction and guidance for an agency that has been without direction and guidance. It is there to make sure that we redirect the way SAMHSA is going so that it gets in the area of really treating mental illness. Let me say this--let me use the words of Dr. Elinore McCance-Katz, the current Assistant Secretary of Mental Health and, therefore, the de facto head of SAMHSA. She said: ``. . . SAMHSA does not address the treatment needs of the most vulnerable in our society. Rather, the unit within SAMHSA charged with addressing these disorders, the Center for Mental Health Services, chooses to focus on its own definition of `recovery,' which generally ignores the treatment of mental disorders, and, as a major initiative under `recovery' services, focuses on the development of a `peer workforce.' ``There is a perceptible hostility toward psychiatric medicine: a resistance to addressing the treatment needs of those with serious mental illness and a questioning by some at SAMHSA as to whether mental disorders even exist.'' For example, they state that psychosis is just a different way of thinking for some experiencing stress. They also focus on activities that don't directly assist those who have serious mental illness. She adds that: ``Significant dollars are spent on hotlines for callers who may be experiencing suicidal thinking. . . . '' But I might add that during this whole time, while death rates decline for heart disease, lung disease, AIDS, and accidental deaths, et cetera, they went way up for suicide. They increased steadily for substance abuse. It is a failed agency, along those lines. She says that there are pressing needs, but nowhere in SAMHSA's ***strategic*** initiatives do they even address psychiatric treatment of mental illness as a priority. I know we have to change this. I would like to ask of my dear friend, the chairman of the subcommittee, is there a way we can talk more about this and address this in the future to see that this is addressed adequately? Mr. COLE. Will the gentleman yield? Mr. MURPHY of Pennsylvania. I yield to the Oklahoma. Mr. COLE. Mr. Chairman, I thank my friend for yielding and for his excellent work in this area. Yes, we would look forward to that. Frankly, we have pretty regular exchanges with a lot of the committees under our jurisdiction where they have done the hard work of authorizing an investigation. That can be used to guide appropriations. So I look forward to working with my friend to make sure we can eliminate the type of abuses that he is talking about and redirect funds where they need to go for the care of patients. I thank my friend for his work and his kind words, and I certainly pledge that I will work with him going forward, as I have in the past. Mr. MURPHY of Pennsylvania. Reclaiming my time, knowing that when my friend says something, I consider that a bond. Mr. Chairman, I yield back the balance of my time, and I withdraw my amendment. The Acting CHAIR. The amendment is withdrawn. Amendment No. 179 Offered by Mr. Murphy of Pennsylvania The Acting CHAIR. It is now in order to consider amendment No. 179 printed in House Report 115-297. [[Page H7306]] Mr. MURPHY of Pennsylvania. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: At the end of division F (before the short title), insert the following: Sec. \_\_. For ``Substance Abuse and Mental Health Services Administration--Mental Health'' for carrying out the Strengthening Community Crisis Response Systems grant ***program***, as authorized by section 520F of the Public Health Service Act (42 U.S.C 290bb-37), there is hereby appropriated, and the amount otherwise provided by this Act for ``Substance Abuse and Mental Health Services Administration--Health Surveillance and ***Program*** Support'' is hereby reduced by, $10,000,000. The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from Pennsylvania (Mr. Murphy) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Pennsylvania. Mr. MURPHY of Pennsylvania. Mr. Chairman, this is the last of my amendments on this. Although this House overwhelmingly passed the authorization for these, as did the Senate, money was not allocated towards it. While I understand there is a priority to treat substance abuse, but even with that, many times there is nowhere for someone to go. Back in the 1950s, we had over half a million psychiatric hospital beds in this country. I think at the time the population of the United State was 150 million. Now, with a population close to 317 million to 318 million, we have about 40,000 hospital beds and a shortage of 100,000. The only State that actually has an adequate number of beds is Mississippi. All the rest are at a critical shortage. So what happens when a person has a drug overdose and needs to get into treatment? What happens when a person has a psychiatric breakdown? Well, generally what happens is the police arrive, not the paramedics. They arrest the person. Many States actually say: Let's put these people in a jail cell, because there is no bed. Or, if they take them to the hospital, the hospital says: Let's just give them some medication to stabilize them and let them back out because we can't hold them. We have no place for them to go. {time} 2130 What happens, many times these people are boarded, that is, they remain in an emergency room bed, which is no place for someone with a psychiatric crisis. Sometimes they will be tied to their gurney; sometimes they are in the hallways; sometimes they are, for days or weeks or several weeks, waiting for a psychiatric bed and nothing opens up. I thought when Dorothea Dix said let's close down the jail concept, that was prevalent in our country back then, let's have nice hospitals for them. Historically, they said that was a good move, but what happened is these psych beds closed down starting widely in the 1980s and continuing until now. There simply is no place for them to go. Let's remember that President Kennedy's last bill he signed before his assassination was to begin this process of closing the beds but having community-based treatment, but America and Congress have not kept that promise. There is a story of a Senator from Virginia by the name of Creigh Deeds. Some may remember in the news when his son Gus had a crisis and Senator Deeds took his son to a hospital. There they waited hour after hour after hour while the hospital tried to find a hospital bed available for him. Finally, he said they couldn't find any beds: Take young Gus home, and let's see what happens in the future. When Senator Deeds took his son home, his son stabbed Senator Deeds, trying to kill him; and when Senator Deeds ran to get help, he survived, but his son did not because he shot himself with a bullet-- because there were no beds. Now, this particular amendment doesn't create beds, but what happens is sometimes there are beds available in other communities; but short of a hospital calling hospital after hospital after hospital to find a bed for someone, which may be an hour or two drive away, there is no place for them. Surely, we understand the idea: Do we continue to put these folks in hospitals and jail cells? Do we dump them back in the street and let them be the forgotten homeless whom we walk over? Do we send them back home and risk further harm to them? Do we have them tied to a gurney and given a chemical sedation, a chemical straightjacket to wait until something opens up? What this amendment does is it is $10 million in grants to develop and maintain or enhance the database of inpatient psychiatric facilities and crisis stabilization units so we can begin to address this bed shortage. Rather than lead people away from care, this is a way of helping hospitals get that care and instill States to put together ***programs*** to speed this up. We still have to work with CMS to create more beds and stop some of the ridiculous rules that they have in there, but what do we continue to tell the mentally ill? ``We will get around to it''? ``We couldn't do it this time''? ``Good luck''? ``I am sorry your son died''? When does this end? Will we hear more excuses that we can't do anything about it because we had a $5 billion cut? What do we do with Americans who are dying from this over and over? Thomas Jefferson once said: ``I tremble for my country when I reflect that God is just, that His justice cannot sleep forever.'' We have a chance to make a difference in the justice for the mentally ill, or will we once again turn a blind eye and say we can do nothing? Mr. Chairman, I ask that Members vote for this amendment to try and save some lives. Mr. Chairman, I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. Murphy). The amendment was agreed to. The Acting CHAIR. It is now in the order to consider amendment No. 180 printed in House Report 115-297. Amendment No. 182 Offered by Mr. Burgess The Acting CHAIR. It is now in order to consider amendment No. 182 printed in House Report 115-297. Mr. BURGESS. Mr. Chair, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: At the end of division F (before the short title), insert the following: Sec. \_\_\_. For ``Substance Abuse and Mental Health Services Administration-Substance Abuse Treatment'' for the Controlled Substance Monitoring ***Program***, as authorized by section 399O of the Public Health Service Act (42 U.S.C 280g-3), there is hereby appropriated, and the amount otherwise provided by this Act for ``Office of the Secretary--General Departmental Management'' is hereby reduced by, $10,000,000. The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from Texas (Mr. Burgess) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Texas. Mr. BURGESS. Mr. Chair, tonight I am proud to introduce an amendment that will fully fund the National All Schedules Prescription Electronic Reporting ***program***, colloquially known as NASPER. NASPER has long provided us with an opportunity to help prevent the spread of opioids across the country; however, until now, we have not funded it. NASPER funding supports the development and maintenance of a State- run prescription drug monitoring ***program***. These prescription drug monitoring ***programs*** allow for doctors and pharmacists to electronically interconnect with one when prescribing opioids, allowing for the providers to confer and ensure that the patient is not receiving a duplicate opioid prescription that the patient may then divert or sell. Prescription drug monitoring ***programs*** work because they engage providers and they successfully prevent individuals from exploiting weaknesses in the healthcare system. During any epidemic, it is important to first help those in need and provide support to individuals and first responders who were impacted by the epidemic. Last year, the Energy and Commerce Committee and the Subcommittee on Health did exactly this. [[Page H7307]] We worked to put forth the Comprehensive Addiction and Recovery Act to provide support for those impacted by the opioid epidemic by increasing access to those in need. No epidemic response, however, is complete without preventative measures, and that is why NASPER is so important to this fight. We must prioritize ***programs*** like NASPER that are preventative and can ensure that errant prescribers and bad actors do not fall through the cracks. If we want to end this epidemic, we must commit resources to ***programs*** that will promote prevention and encourage safer prescribing of prescription drugs. As the subcommittee chairman for the authorizing committee that has been tasked with the public health response to a crisis that claimed more than 60,000 American lives last year, I am committed to further working to oversee the implementation of our initial response efforts and to develop any supplemental responses that may be needed to prevent future unnecessary deaths. I encourage my colleagues to take this opportunity to support the work of the Subcommittee on Health on the Energy and Commerce Committee in authorizing this and allow Congress to approve funding for NASPER. Mr. Chairman, I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from Texas (Mr. Burgess). The amendment was agreed to. The Acting CHAIR. It is now in order to consider amendment No. 183 printed in House report 115-297. Amendment No. 184 Offered by Mr. Scott of Virginia The Acting CHAIR. It is now in order to consider amendment No. 184 printed in House Report 115-297. Mr. SCOTT of Virginia. Mr. Chairman, I have an amendment at the desk made in order under the rule. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: At the end of division F (before the short title), insert the following: Sec. \_\_. No funds made available by this Act may be used to undertake any activities to prepare for or facilitate the transfer of responsibilities or functions from the Office of Federal Contract Compliance ***Programs*** of the Department of Labor to the Equal Employment Opportunity Commission. The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from Virginia (Mr. Scott) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Virginia. Mr. SCOTT of Virginia. Mr. Chair, this amendment would prohibit the use of funds in this act to prepare for or facilitate the transfer of the Department of Labor's Office of Federal Contract Compliance ***Programs*** into the Equal Employment Opportunity Commission. The amendment would ensure that these two important agencies charged with distinct missions to enforce workplace discrimination laws are not unduly burdened by the administration's ***plan*** to transfer responsibilities of Contract Compliance into the EEOC. Although both agencies enforce discrimination laws, they differ in their authorities, their scope, and their responsibilities. For example, Contract Compliance only addresses discrimination by Federal contractors, unlike the EEOC, which enforces the laws as they relate to virtually all employees. Contract Compliance is responsible for ensuring that the Federal contractors and subcontractors take affirmative action to ensure that all individuals have equal opportunity for employment. EEOC was created by title VII of the Civil Rights Act, and its support for affirmative action is voluntary. Contract Compliance, the focus is on contract compliance, and the ultimate sanction is disbarment of a Federal contractor. It gets its authority through an executive order and accomplishes much of its enforcement through the administrative process. By contrast, EEOC is established by statute and makes and enforces Federal statutes through lawsuits in Federal courts. Other distinctions: The ultimate client for Contract Compliance is the Federal Government, while EEOC's clients are private employees; EEOC is complaint driven, unlike the Office of Federal Contract Compliance; Contract Compliance can audit contractors, EEOC cannot; EEOC has subpoena power, Contract Compliance does not; Contract Compliance does not have the authority to file lawsuits and get punitive damages, EEOC can seek punitive damages and lawsuits; Contract Compliance enforces the Vietnam Era Veterans' Readjustment Act, the EEOC does not; EEOC protects employees from genetic discrimination, Contract Compliance does not. The proposal to transfer the Office of Federal Contract Compliance into the EEOC came about by some ideological groups that want to shrink the Federal Government, but it is unwise because it is opposed by civil rights groups and the U.S Chamber of Commerce. To underscore the collective voice and opposition to this transfer, the Senate Committee on Appropriations adopted language last Thursday that says that the committee rejects the budget's proposal to begin ***plans*** to merge the Office of Federal Contract Compliance ***Programs*** with the EEOC. Mr. Chair, the realignment of responsibilities would ask the EEOC to do considerably more with a lot less in terms of expertise, personnel, and funding. Further, this combination would derail the EEOC's efforts to reduce its backlog of charges while simultaneously trying to collect vital data relevant to the enforcement of civil rights laws. The enforcement of civil rights laws would be best served if we in Congress would fully fund both the EEOC and the Office of Federal Contract Compliance so that they both can do the vital work of securing the right to work in a place free of harassment, retaliation, and other forms of discrimination. For these reasons, I ask my colleagues to vote ``yes'' on this amendment. Mr. Chairman, I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from Virginia (Mr. Scott). The amendment was agreed to. Amendment No. 186 Offered by Mr. Ellison The Acting CHAIR. It is now in order to consider amendment No. 186 printed in House Report 115-297. Mr. ELLISON. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: At the end of division F (before the short title), insert the following: Sec. \_\_. None of the funds made available in this Act may be used to enter into a contract with any person whose disclosures of a proceeding with a disposition listed in section 2313(c)(1) of title 41, United States Code, in the Federal Awardee Performance and Integrity Information System include the term ``Fair Labor Standards Act'' and such disposition is listed as ``willful'' or ``repeated''. The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from Minnesota (Mr. Ellison) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Minnesota. {time} 2145 Mr. ELLISON. Mr. Chairman, my amendment is very simple. If you have a contract doing business with the Federal Government, if in your disclosures you have been found designated to have violations of the Federal Labor Relations Act, and those violations are considered to be willful, intentional, and repeated, then you will not be able to take advantage of this particular appropriation. This kind of amendment is designed to say that the Federal Government believes that a penny earned and a penny worked should be received by the worker. It is as simple as that. People who do not support this amendment are saying that Federal contractors can engage in wage theft and it is okay with us. And we are simply saying that the hardworking people in the United States expect that the Federal penny that workers earn will be given to them, and that is not too much to ask. Hardworking people living in America should never worry that an employer will steal their wages, especially if that employer is paid by a government contract. Right now, Federal contractors who repeatedly and intentionally pay subminimum wage, force [[Page H7308]] their workers to work off the clock, refuse to pay overtime, or make illegal deductions on their employees' pay are still allowed to apply for Federal contracts. They should not be. We should reward workers who treat their workers fairly and not allow firms who willfully and repeatedly profiteer off of their employees by letting them keep their government contracts. If passed, my amendment will ensure that a business that willfully and repeatedly violates the Fair Labor Standards Act cannot apply for a Federal Government contract until they clean up their act. To be clear, my amendment would not punish a single accidental violation. If my colleagues across the aisle won't make corporations pay their fair share of their taxes, I hope that they will at least join me in going after employers who refuse to pay taxpayer money to line their pockets by cheating employees repeatedly, and on purpose. This is not a small thing. This is real money out of real people's pockets. The Economic Policy Institute found that low-wage workers in just the ten most popular States--California, Florida, Georgia, Illinois, and others--lose $8 billion in wages due to wage theft each year. For example, the corporation General Dynamics Information Technology owns a number of call centers that serve Federal contracts. In the last 10 years, they have agreed to pay $412,000 in back wages to 921 employees for Fair Labor Standards Act violations. Immigrants and residents of low-income communities are often at the greatest risk for abuse at the hands of employers who do wage theft. The government should be doing everything it can to protect workers from intimidation and stolen wages. If this amendment passes, companies like General Dynamics Information Technology won't be able to continue to do what they have been doing. They will have to be fair to people, at least after they clean up their act. We have to demand higher standards, Mr. Chairman. Respecting a fair day's pay for a fair day's work is an American value. Mr. Chairman, I reserve the balance of my time. Mr. COLE. Mr. Chairman, I claim the time in opposition to the amendment. The Acting CHAIR. The gentleman from Oklahoma is recognized for 5 minutes. Mr. COLE. Mr. Chairman, I appreciate the gentleman's amendment, and I know the sincerity of his view on the issue. This amendment, in my view, mirrors, to some degree, the last administration's regulation on so-called Fair Play and Safe Workplaces, also known as a blacklisting rule, which has recently been withdrawn. There are existing requirements for reporting and addressing violations of labor laws by Federal contractors. Indeed, hundreds of companies every year are barred from doing business with the Federal Government. While bad actors certainly should face consequences, I believe blanket prohibitions circumvent proper administrative review under the existing procedures. Agencies already have many requirements related to the award of Federal contracts, and imposing a new across-the-board requirement, in my view, is not the right approach to address this issue. Mr. Chairman, I oppose the amendment, and I urge its rejection. Mr. Chairman, I reserve the balance of my time. Mr. ELLISON. Mr. Chairman, how much time do I have remaining? The Acting CHAIR. The gentleman from Minnesota has 1\1/2\ minutes remaining. Mr. ELLISON. Mr. Chairman, I yield 1\1/2\ minutes to the gentleman from Virginia (Mr. Scott). Mr. SCOTT of Virginia. Mr. Chairman, we know that there are a lot of contractors who have significant wage violations. It should be a privilege to contract with the Federal Government. Taxpayers should not be asked to subsidize companies that engage in willful and repeated wage theft. This amendment only applies to contractors with repeated willful violations, not technical violations that could result from good faith difference in interpretation of rules and regulations--willful and repeated. Awarding contracts to those kind of contractors is not only unfair to workers, it is unfair to law-abiding contractors who play by the rules but are forced to compete on an unlevel playing field with those who cut corners. Mr. Chairman, I include in the Record a letter from the American Civil Liberties Union. American Civil Liberties Union, Washington, DC, September 7, 2017. Vote YES on Amendments No. 113, No. 184, and No. 186 to H.R 3354, the Make America Secure and Prosperous Appropriations Act, 2018 Dear Representative: On behalf of the American Civil Liberties Union and our more than two million members and supporters, we urge you to support the following amendments that may be offered during floor consideration of H.R 3354, the Make America Secure and Prosperous Appropriations Act, 2018: 1. Amendment No. 113 (preserving funding for the EEOC/EEO-1 equal pay data collection) In July, the House Appropriations Committee adopted the Harris Amendment to defund implementation of the Equal Employment Opportunity Commission's (EEOC) revised Employer Information Report (EEO-1). Amendment No. 113, offered by Representatives DeLauro, Frankel, and Scott to the FY18 CJS appropriations bill, would preserve funding for that critical equal pay initiative. The data collection at issue, through the EEO-1 that employers already must use to document the demographics of their workforces, is a critical tool to lift the cloak of secrecy that shrouds pay decisions in this country. Without such transparency, the pernicious gender and race wage gaps, and the discrimination that causes them, will continue to flourish. The new EEO-1 revision was adopted after extensive public comment and would have deterred intentional pay disparities, facilitated employers' good faith efforts to comply with equal pay laws, and identified appropriate targets for federal enforcement of nondiscrimination law. Instead of supporting this measured approach to eliminate the pay gap, the EEO-1 has been undermined by members of Congress and the Trump Administration's Office of Management and Budget, which recently halted implementation of the EEO-1 equal pay data collection. Because OMB has ordered a review and requested that the EEOC undertake a new effort, the Harris amendment could unnecessarily tie the agency's hands. Members should vote in favor of the DeLauro-Frankel-Scott amendment in order to preserve the ability of the EEOC to continue to make meaningful progress on equal pay. A vote against this amendment is a vote against equal pay. 2. Amendment No. 184 (no funding to eliminate OFCCP and transfer duties to EEOC) The Trump administration's FY2018 budget submission to Congress recommended the elimination of the Department of Labor's Office of Federal Contract Compliance ***Programs*** (OFCCP) and the transfer of its functions to the EEOC. This amendment, offered by Representatives Conyers and Scott to the FY18 Labor-HHS-Education appropriations bill, would withhold federal funding in order to prevent implementation of this ill-advised proposal. These vital and distinct agencies have different missions and different areas of expertise. The EEOC seeks to remedy complaints of discrimination in employment. The OFCCP more broadly oversees the employment practices of federal contractors who are required to proactively monitor workplace diversity and pay equity, make meaningful efforts to recruit qualified applicants from under-represented groups, and eliminate barriers to equal opportunity for various disadvantaged groups, including veterans and individuals with disabilities. The administration's proposal would jeopardize the uniquely important missions of each agency and weakens our government's ability to effectively enforce our nation's civil rights laws. It would also place an extraordinary burden on the EEOC which already has an excessive workload and a well-known backlog. Finally, numerous organizations that work with these agencies--from civil rights, women's rights, and workers' rights groups along with business groups such as the U.S Chamber of Commerce--oppose the administration's proposal. For these reasons, we urge members of the House to support Amendment No. 184 that would prevent the elimination of OFCCP. 3. Amendment No. 186 (no funding to federal contractors who repeatedly and willfully violate FLSA) This amendment, offered by Representatives Ellison, Grijalva and Pocan to the FY18 Labor-HHS-Education appropriations bill, would ensure that no federal contracts are entered into with entities that willfully and repeatedly violate the Fair Labor Standards Act. Employers that have the privilege of doing business with the federal government also have a responsibility to comply with our laws. This amendment would provide a strong protection against our government doing business with employers that commit labor violations. Should you have any questions, please contact Vania Leveille. Sincerely, [[Page H7309]] Faiz Shakir, Director, Washington Legislative Office. Vania Leveille, Senior Legislative Counsel. Mr. SCOTT of Virginia. Mr. Chairman, I support the amendment, and I urge its adoption. Mr. COLE. Mr. Chairman, I yield back the balance of my time. Mr. ELLISON. Mr. Chairman, I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from Minnesota (Mr. Ellison). The question was taken; and the Acting Chair announced that the noes appeared to have it. Mr. ELLISON. Mr. Chairman, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Minnesota will be postponed. Amendment No. 187 Offered by Mr. Gibbs The Acting CHAIR. It is now in order to consider amendment No. 187 printed in House Report 115-297. Mr. GIBBS. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: At the end of division F (before the short title), insert the following: Sec. \_\_. None of the funds made available by this Act may be used to implement, administer, or enforce the final regulations on ``Improve Tracking of Workplace Injuries and Illnesses'' published by the Department of Labor in the Federal Register on May 12, 2016 (81 Fed. Reg. 29624 et seq.). The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from Ohio (Mr. Gibbs) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Ohio. Mr. GIBBS. Mr. Chairman, my amendment prohibits the Department of Labor and OSHA from implementing a burdensome rule dealing with reporting workplace injuries and illness. The OSHA rule requires all businesses with more than 250 employees to file all illness and injury reports in a publicly available database. It would also be a requirement for any business with more than 20 employees in certain industries such as manufacturing or ***agriculture***. This online filing requirement raises serious privacy concerns. While employers were previously required to collect this information, it was never open and available to the public. The rule risks the confidentiality of personally identifiable information for those injured on the job. Additionally, a provision in the final rule declaring automatic postaccident drug testing is now considered an unreasonable procedure, a provision that conflicts with multiple States' workers' compensation laws. While the Trump administration has wisely delayed the implementation of the regulation, it is important to prevent any future development of this rule. I encourage my colleagues to adopt this amendment, which rolls back another one-size-fits-all regulation from Washington, D.C , that potentially interferes with the privacy of employers and employees for the entirety of fiscal year 2018. Mr. Chairman, I reserve the balance of my time. Ms. CLARK of Massachusetts. Mr. Chairman, I claim the time in opposition to the amendment. The Acting CHAIR. The gentlewoman is recognized for 5 minutes. Ms. CLARK of Massachusetts. Mr. Chairman, I rise in strong opposition to this amendment, which would remove protections for workers who report workplace injuries and prevent OSHA from collecting data necessary to identify and target the most hazardous workplaces and serious safety and health problems. Let's look at 2015. There were nearly 5,000 workers killed on the job by traumatic injuries and an estimated 50,000 deaths from occupational diseases. Each day, 150 workers in this country died because of exposure to workplace hazards. In 2015, there were 3.7 million workplace injuries reported, with more than half of them serious, but these numbers don't show the whole problem. Studies have shown that up to half of all workplace injuries are not reported on the OSHA injury log. One of the reasons is that some workers fear that they will be retaliated against or fired if they report an injury. The new OSHA rule strengthens protections for workers who report injuries, which will allow workers to report them more freely and result in more complete reporting. OSHA's injury tracking rule is an important worker protection measure that does three things. First, it prohibits employers from retaliating against workers who report workplace injuries. Second, it continues longstanding requirements that certain employers in high-risk industries submit summary injury and illness data to OSHA, which now must be done electronically. And, third, it requires large employers in high-risk injuries to submit more detailed injury and illness data to OSHA. These are critical protections for workers. They should not be overturned. Mr. Chairman, I reserve the balance of my time. Mr. GIBBS. Mr. Chairman, employers will still be required to keep this information on record. Any OSHA inspector can come in and inspect those records. So the idea that there is no documentation of any workplace injuries or illnesses is still there. The problem here is that it is put on a website, that could have issues with FOIA requests, also publicly available. Businesses will be forced to sensitive information and confidential information that will be public information that risks the identity of many employees out there. OSHA has historically recognized the sensitive nature of this data and sought to protect this information being released on, as I said, the Freedom of Information Act request. Furthermore, OSHA has failed to demonstrate any evidence that this rule will effectively reduce workplace injuries and illnesses. I think the point to remember here is that employers are required to keep the records of that, and OSHA inspectors can see that. So when OSHA comes in and inspects a business entity, they can look at those records and see what the workplace injuries are and red flag them, and they have that ability. But personal information should not be at risk to the public and risk people's identities and their personal health issues for illness and work injuries. Mr. Chairman, I reserve the balance of my time. Ms. CLARK of Massachusetts. Mr. Chairman, I yield 2 minutes to the gentleman from Virginia (Mr. Scott), my friend, the distinguished ranking member of the Education and the Workforce Committee. Mr. SCOTT of Virginia. Mr. Chairman, I thank the gentlewoman for yielding. Mr. Chairman, I rise in opposition to this amendment, which blocks OSHA's ability to improve tracking of injuries and illnesses in workplaces across the country. One of the problems we have is that Federal OSHA and State OSHA ***plans*** have less than 2,000 inspectors to cover 8 million workplaces nationally. If you do the arithmetic, each Federal OSHA inspector can inspect a workplace about once every 159 years. State OSHA might be able to do it once a century. So the fact that you have something on site that is there for them to see if they ever get there, the problem is they never get there. We need to make sure they have the information to know which ones to go to, which ones are the dangerous sites. The scarce resources that OSHA needs to precisely target those resources is a result of these reports. For large employers, and each illness with summary information from smaller employers, that is how they figure out where to visit. This rule also protects workers against discrimination if they report injuries. GAO has found that workers fear reporting injuries, especially where employers impose sanctions or reduce bonuses for work- related injuries. This amendment would upend this important rule which allows OSHA to target their resources to inspect those that really need inspecting. This amendment would upend the rule and compromise its transparency and worker protections. The information is not individually identifiable. People are protected. But [[Page H7310]] the courts have said that this information is not confidential. This amendment would rig the system against worker safety by depriving OSHA of the information they need to target the workplaces, so I request a ``no'' vote on this amendment. Mr. GIBBS. Mr. Chairman, I ask support of my amendment to make sure that we protect the private health records of our employees at the work site and any illnesses that they might have. I don't think we should risk that. As I said earlier, I think OSHA inspectors have the ability to come in and inspect those records on the workplace site. Putting it out on the internet doesn't make a lot of sense. Mr. Chairman, I urge support of the amendment, and I yield back the balance of my time. {time} 2200 Ms. CLARK of Massachusetts. Mr. Chairman, Congress should support OSHA's efforts to protect workers and use their data to target safety and health efforts to the most dangerous workplaces. Mr. Chair, I urge my colleagues to reject this rider and to move forward with the underlying bill. Mr. Chair, I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from Ohio (Mr. Gibbs). The question was taken; and the Acting Chair announced that the ayes appeared to have it. Ms. CLARK of Massachusetts. Mr. Chair, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Ohio will be postponed. It is now in order to consider amendment No. 188 printed in House Report 115-297. It is now in order to consider amendment No. 189 printed in House Report 115-297. Mr. COLE. Mr. Chair, I move that the Committee do now rise. The motion was agreed to. Accordingly, the Committee rose; and the Speaker pro tempore (Mr. Gibbs) having assumed the chair, Mr. Arrington, Acting Chair of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R 3354) making appropriations for the Department of the Interior, environment, and related agencies for the fiscal year ending September 30, 2018, and for other purposes, had come to no resolution thereon.

**Load-Date:** September 16, 2017

**End of Document**



[***B. Sagintayev sets specific tasks before the Government members related to the implementation of the Address of the President of the Republic of Kazakhstan***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RCS-PCJ1-F19S-P4P6-00000-00&context=1516831)

Emerging Markets Brokers Reports - Russia

January 11, 2018 Thursday 4:18 PM EEST

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**Body**

Today in Ukimet Uyi, Prime Minister Bakytzhan Sagintayev chaired a Government meeting on the implementation of the instructions of the Head of State given in his Address to the People of Kazakhstan "New Development Opportunities in the Conditions of the Fourth Industrial Revolution" of January 10, 2018.

In the Address, President N. Nazarbayev sets before the Government a number of tasks in ten key areas.

During the Government meeting, Prime Minister Bakytzhan Sagintayev gave a number of specific instructions.

First, with regards to industrialization and the introduction of new technologies, the Ministry of Investment and Development was instructed to develop new tools aimed at modernizing and digitizing domestic enterprises with emphasis on product export and technology transfer, as well as identifying pilot projects for digitizing a number of industrial enterprises and proceeding to their implementation. Responsibility is placed on Minister of Investments and Development Zh. Kassymbek.

"The Ministry of Information and Communications needs to develop a set of measures to develop digital and innovative solutions on the basis of Nazarbayev University, AIFC and the International IT-Startup Technopark; the functioning of the private venture financing market and ensure the development of appropriate legislative amendments," - the Prime Minister said.

Responsibility is assigned to Minister of Investments and Development Zh. Kassymbek. Responsible - Minister of Information and Communications D. Abayev.

In addition, the Ministry of Investments and Development was tasked to begin drafting the state ***program*** of the third five-year industrialization ***plan*** with an emphasis on digital technologies. The on responsible is Minister Zh. Kassymbek.

In connection with the digitalization of the economy, special attention is paid to employment issues. Bakytzhan Sagintayev instructed the Ministry of Labor and Social Protection of Population, in conjunction with the Akimats and concerned Ministries, to assess the risks of the release of workers and to determine a coordinated policy for the employment of the released workers, in general, to speed up work on the flow of labor. Responsibility is assigned to Minister T. Duissenova.

Secondly - further development of the resource potential.

"The Ministries of Investments and Development, Energy, are instructed to take measures to improve approaches to extracting minerals by actively introducing integrated information and technological platforms," - ​​Bakytzhan Sagintayev said.

The Ministries of Investments and Development, Energy, and ***Agriculture*** were instructed to work out the issues of setting energy consumption standards for the production of a unit of output. The Ministry of Energy needs to make proposals on creating conditions for attracting investments in the field of renewable energy sources.

Bakytzhan Sagintayev instructed the Ministry of Energy together with regional Akims to develop:

- In a month's time: roadmaps for the creation of a system of modern-tech utilization and processing of solid waste;

- Relevant amendments to the Environmental Code and other legislative acts.

Responsibility is placed on Minister K. Bozumbayev.

Thirdly, the Prime Minister gave a number of specific instructions on the development of the country's agro-industrial complex.

The Ministry of ***Agriculture*** is instructed to:

- Together with concerned state bodies and regional Akims, to revise the target indicators of the Agro-Industrial Complex Development State ***Program***, to develop a set of measures to achieve them and to submit concrete proposals to the Government before March 1;

- Together with the Ministry of Education and Science and Akims of the regions, to review the role of agrarian science and agrarian universities, the main focus of which should be the transfer and adapt modern knowledge and technologies;

- Together with Akims of regions to within a month present conceptual approaches to development and measures to support ***agricultural*** cooperation;

- In order to preserve the quality and environmental friendliness of products in conjunction with concerned state bodies and organizations to bring in line with international norms the regulatory legal acts and technical documents on the production and use of biological means of plant protection and other biological products;

- Together with the Ministry of Investments and Development and Atameken, to in a month's time select ***strategic*** niches in international markets to promote domestic products, including the brand "Made in Kazakhstan";

- Together with concerned state bodies, to work out the issue of reorienting inefficient subsidies to reduce the cost of bank loans in order to increase the efficiency of state support for the agro-industrial complex.

Responsibility for the block is assigned to U. Shukeyev.

The fourth area concerns the improvement of the efficiency of transport and logistics infrastructure.

The Ministry of Investments and Development together with the Ministries of Information and Communication, Finance and KTZ JSC are instructed to:

- Study and ensure the introduction and use of modern technologies, such as bloc-chain and analysis of Big Data, for cargo monitoring in online mode and simplification of customs procedures;

- To improve the quality of local roads, to bring the total amount of budget funds allocated annually, in the medium term, up to 150 billion tenge,

- Ensure the phased implementation of the Intelligent Transport System.

Responsibility is assigned to Minister Zh. Kassymbek.

Fifth - the introduction of modern technologies in construction and utilities.

"The Ministry of Investment and Development, taking into account the tasks set by the Head of State, is assigned to make concrete proposals in a month's time to bring the indicator of housing provision per resident by 2030 to 30 square meters. If necessary, make suggestions for adjusting the Nurly Zher ***Program***," - Bakytzhan Sagintayev said.

The Ministry of Investment and Development needs to ensure that necessary changes and additions are made to normative legal acts in the field of construction with respect to the application of new construction methods, approaches to designing and ***planning*** urban development, the use of modern materials, higher quality requirements, environmental friendliness and energy efficiency of buildings and structures. Also, mechanisms should be developed for equipping the sites under construction and those already commissioned with intelligent management systems. Responsibility is assigned to Minister Zh. Kassymbek.

The Ministry of National Economy, together with regional Akimats, was instructed to develop an appropriate PPP mechanism during the modernization of housing and communal infrastructure and step up measures to implement it. The one responsible is Minister T. Suleimenov.

The Ministry of ***Agriculture*** together with the Ministries of Investments and Development, National Economy and regional Akims was instructed to take measures to annually allocate not less than 100 billion tenge from all sources to provide rural settlements with quality drinking water. Control is assigned to U. Shukeyev.

Sixth. With respect to the "reboot" of the financial sector, most of the issues concern the National Bank. In this regard, Daniyar Akishev will make his proposals to the National ***Plan*** for the implementation of the Address.

With regards to the introduction of a bankruptcy system for individuals, the Ministry of Finance must submit relevant draft laws to the Government before the end of April. Responsibility is assigned to Minister B. Sultanov.

The Ministry of National Economy, together with concerned state bodies and organizations, was tasked to ensure further development of the stock market, including the successful transition of shares of National Companies of NWF Samruk-Kazyna to IPO. Responsibility is assigned to Minister T. Suleimenov.

The Astana International Financial Center, in conjunction with the Ministries of Finance, National Economy and Samruk-Kazyna National Welfare Fund, is tasked to ensure the preparation of the AIFC site for IPO. K. Kelimbetov is responsible.

Seventh. In the direction "Human capital - the basis of modernization", a number of instructions have been given with regards to education and healthcare, as well as the social bloc.

The Ministry of Education and Science jointly with the Ministries of Labor, National Economy, Finance, and Akims are instructed to take measures:

- On making a 30% increase to the official salaries of teachers, who switched to the updated curricula, beginning January 1, 2018;

- On the introduction in 2018 of a national qualification test for teachers, with the definition of a new grid of categories according to the level of qualifications;

- Increase from 30% to 50% the teachers' salaries, depending on the confirmed qualification as per the new system.

Together with the concerned state bodies and Akimats, the Ministry of Education and Science needs:

- To make proposals on the improvement of ***programs*** for the early development of children and their implementation from September 1, 2019;

- To review the experience of the CIS and OECD countries and make proposals to reduce the educational burden on students in schools;

- To take measures to develop departments and faculties in pedagogical higher education institutions;

- To improve the quality of teaching of mathematical and natural sciences at all levels of education;

- To continue work on the development of digital educational resources with the placement of video lessons and video lectures on the Internet;

- To provide schools with modern technical support with connection to broadband Internet;

- To introduce per capita financing with attraction of private capital;

- To take measures to create in all regions a network of children's technoparks and business incubators with all the necessary infrastructure on the premises of schoolchildren's palaces;

- To ensure further implementation of the project "Free Vocational Education for All" and to take measures to update the ***programs*** with the involvement of employers and taking into account international requirements and the development of digital skills;

- To revise the ***programs*** of universities with an emphasis on studying new information technologies, and also to take measures to develop university science, including the transition of applied scientific research into English;

- To develop joint projects with leading foreign universities and research centers, large enterprises and TNCs;

- To introduce a mandatory requirement for applied research and development to attract co-financing from the private sector;

- To work out the issues on supporting young scientists with the allocation of quotas within the framework of scientific grants;

- To legislatively fix the academic freedom of universities with the right to create educational ***programs***;

- To take measures on retraining of teachers, attracting foreign managers in high schools, opening campuses of world universities.

Responsibility is assigned to Minister Y. Sagadiyev.

The Prime Minister also gave instructions on the transition of the alphabet to the Latin script.

"The Head of State pays special attention to the issue of terminology in the Kazakh language. There is no need to translate existing international terms and complicate the Kazakh language. When switching to the Latin script, international terms should be used in convenient and rational ways for our language," - Bakytzhan Sagintayev said.

In this connection, the Ministry of Culture and Sport needs to revise the ways of translating global terms with the approval of the society. Responsibility is assigned to Minister A. Mukhamediuly.

With regards to healthcare, it has been instructed to work out and submit to the Government by the end of May this year the draft state ***program*** for the development of health care and a comprehensive ***plan*** to combat oncological diseases.

The Ministry of Healthcare should develop and submit to the Government this year a new model of the guaranteed amount of free medical care, setting clear boundaries for the state's obligations, as well as a new edition of the Code on People's Health and the Healthcare System.

Ministries of Healthcare, Labor and Social Protection of Population are assigned to carry out thorough preparatory work in order to prepare the society for the implementation of CSMI.

"It is necessary to accelerate the introduction of e-health certificates after pilot operation, to provide citizens with online access to information about their health and to expand the possibility of obtaining health services through various mobile technologies. To this end, the regional Akimats this year need to ensure that all medical organizations are 100% equipped with information systems," - Bakytzhan Sagintayev noted.

The Nazarbayev University together with the Ministries of Healthcare, Finance need to within this year solve all organizational issues regarding the construction of a scientific oncology center. Responsibility is assigned to Minister of Healthcare Y. Birtanov.

With respect to the social bloc, the Ministry of Labor, together with the Ministry of Education and Science, and state bodies are instructed to analyze the work on the development of modern professional standards and to submit proposals to the Government in a month's time to develop or update professional standards.

"At the next meeting of the Government, report on the process of formalizing self-employed citizens, and report on the implementation of the new format for providing targeted social assistance, introduced this year" - the Prime Minister said.

The Ministry of Labor also needs to speed up the passage in the Parliament of the draft law providing for the introduction of a single electronic exchange. Until April 1, 2018, the bill should be adopted.

"From July 1 of this year, the system for assigning basic pensions is changing. All agencies of social protection must provide maximum assistance to our citizens in the legalization of their labor activities," - Bakytzhan Sagintayev said.

In this connection, the Ministries of Labor, Finance, National Economy and Justice are instructed to work out the issues of legislative consolidation of the norms for the timely introduction of state assistance for parents caring for 1st category disabled adults. It is also necessary to work out the issues in the social insurance system to strengthen the relationship between the length of service and the size of payments.

The one responsible for the entire block is Minister T. Duissenova.

Eighth. With respect to "effective public administration", Prime Minister Bakytzhan Sagintayev noted that "the development of entrepreneurship is one of the main priorities of the work of the Government".

A number of instructions were given to the Ministry of National Economy:

To take measures on the speedy passage in the Parliament of the bill aimed at further deregulating the business, including the reduction of costs for entrepreneurs.

To take necessary measures to develop a new bill to improve the business climate, support the business and pull it out of the shadows.

Continue work to improve the quality of services provided by natural monopoly entities, to secure the interests of consumers with the establishment of reasonable tariffs for subjects of natural monopolies and energy ***producers***, taking into account their investment ***programs***.

The Ministries of National Economy, Finance, together with concerned state bodies, national holdings and regional Akimats, are to ensure the implementation of the privatization ***plan***, expanding it by reducing the number of subordinate organizations of state bodies, taking into account the Yellow Pages principles.

Regarding the remaining subordinate organizations, it is instructed to work on their consolidation to reduce administrative costs. Responsibility is assigned to Minister T. Suleimenov.

The Ministry of Information and Communication together with the Ministry of National Economy should take measures to optimize business processes and ensure their automation by the end of this year, and in conjunction with state bodies to intensify the work on the integration of information systems to switch to the provision of popular public services on the principle of one application that will avoid repeated inquiries from citizens.

In addition, the Prime Minister drew the attention of the Government members to observance of the principles of information security and establishment of effective feedback with the population for the prompt resolution of emerging issues. Responsibility is assigned to Minister D. Abayev.

In order to improve the business climate in the regions, the Akimats are instructed to strengthen work on the achievement of the established indicators in their detailed ***plans*** for the development of entrepreneurship.

The Ministry of Justice, Akimats of Astana and Mangystau region together with the Agency for Civil Service and Anti-Corruption Affairs were instructed to ensure the implementation of a new system of remuneration for civil servants based on a point-factor scale. Control is assigned to E. Dossaev.

Special attention was paid to the development of tourism.

"In order to develop inbound and outbound tourism, the Ministry of Culture and Sport, together with concerned state bodies and regional Akims, are to within a month's time, in accordance with the established procedure, ensure the adoption of the Action ***Plan*** for the implementation of the Concept for the Development of the Tourism Industry until 2023. The responsible minister is A. Mukhamediuly," - Bakytzhan Sagintayev noted.

With the aim of increasing the financial independence of cities of regional importance, villages and rural districts with a population of more than 2 thousand people, the Ministry of National Economy, together with the Ministry of Finance and regional Akims, is tasked to ensure full implementation of the fourth level of the budget and municipal property of local self-government, and from January 1, 2020 - in the remaining villages with a population of 2 thousand people or less. Responsibility is assigned to Minister T. Suleimenov.

At the same time, in order to ensure reliable protection of its information systems and devices during the introduction of new technologies, the Ministry of Defense and Aerospace Industry, together with concerned state bodies, needs to continue working in this direction. Responsibility is assigned to Minister B. Atamkulov.

The ninth task.

"With respect to "fighting corruption and the rule of law", all government bodies need to continue battling corruption. The Ministry of Information and Communication are to finalize the available information systems in order to ensure access of citizens to the process of consideration of their appeals," - Bakytzhan Sagintayev noted. Responsibility is assigned to Minister D. Abayev.

The Ministry of Internal Affairs also needs to continue work on humanizing law enforcement.

"The Ministry of Internal Affairs, in conjunction with concerned state bodies, should take additional measures to introduce intelligent systems of video surveillance and identification on the streets and in places of mass congestion of citizens, traffic control," - the Prime Minister said.

Responsibility is assigned to Minister K. Kassymov.

The Ministry of Justice, in agreement with the Prosecutor General's Office and the Supreme Court, must make appropriate proposals for strengthening the guarantees of the constitutional rights of citizens, ensuring the rule of law. Responsibility is assigned to Minister M. Beketayev.

On the tenth task - "Smart Cities" for the "smart nation".

"All the Akimats should continue their work on the integrated implementation of Smart City technologies on the basis of a standard concept and developing the competency of people moving to cities," - Bakytzhan Sagintayev said.

The Ministry of Information and Communication was instructed to coordinate the work of local executive bodies in this direction and provide comprehensive consulting assistance on all issues raised within the framework of the Smart City projects. Responsibility is assigned to Minister D. Abayev.

In conclusion, the Prime Minister instructed the Ministry of National Economy, in accordance with the procedure established by the legislation, to before 12:00 of January 13 of this year submit to the Government of the Republic of Kazakhstan the coordinated draft Decree of the Government of the Republic of Kazakhstan "On the Draft Decree of the President of the Republic of Kazakhstan" On Approval of the National ***Plan*** for the Implementation of the Address of the Head of State to the People of Kazakhstan "New Opportunities for Development in the Conditions of the Fourth Industrial Revolution".

"We will review the progress of the implementation of the instructions of the Head of State in the Government on a regular basis," - Bakytzhan Sagintayev summed up.

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**Load-Date:** January 11, 2018

**End of Document**



[***Register of Commission documents: Commission Implementing Decision on the 2017 Annual Action Programme in favour of Cuba Summary Document date: 2017-07-04 COM-AC\_DR(2017)D052017-01 Comitology - Right of scrutiny***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PDW-MHD1-JDG9-Y373-00000-00&context=1516831)

Impact News Service

September 5, 2017 Tuesday

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**Length:** 1832 words

**Body**

Brussels: Public Register European Parliament has issued the following document:

1 MEMORANDUM TO THE DCI COMMITTEE CONCERNING THE 2017 Annual Action ***Programme*** in favour of Cuba for theme renewable energy and energy efficiency to be financed from the general budget of the Union 1. Identification Budget heading 21.020100 – Cooperation with Latin America Total cost EUR 18 million of EU contribution Grants co-financing: EUR 333,333 (around 10% of total costs) FIIAPP co-financing: EUR 444,444 (around 10%) Basic act Regulation (EU) No. 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020 2. Country background The Republic of Cuba is the largest Caribbean island with a population of over 11.38 million inhabitants. In spite of its difficult economic situation, Cuba has achieved a high human development position1. Ranked 67th in the 2014 Human Development Index (0.769), Cuba is, within the Latin-American region, in 5th place (ahead of Brazil and Mexico). Life expectancy at birth is 79.4 years and median schooling for adults stands at 10.2 years. A process of modernisation began gradually in 2008, initiated by President Raul Castro. A comprehensive package of economic reforms was outlined in a ***strategic*** medium-term paper called 'Guidelines of Economic and Social Policy of the Party and the Revolution'(Guidelines). These guidelines reflect the political will to maintain social achievements, whilst progressively opening the way to a more mixed economy with market components, to greater participation of new economic actors and the self-employed, and modernization of the public administration.

3. Summary of the Action ***Programme*** The objectives pursued by the Annual Action ***Programme*** to be financed under the Development Cooperation Instrument are in line with the Multiannual Indicative ***Programme*** 2014-2020 adopted for Cuba, specifically with Sector 2 (Environment and Climate Change: Support for a better use of Key Natural Resources for Sustainable Development). 2 1) Background Cuba urgently needs to reduce its high dependency on imported fossil fuels for electricity generation and to safeguard domestic financial resources. Today, Cuba depends for 96% of its electricity generation from oil, of which about 50% is imported from Venezuela. This is one of the core problems hampering further social and economic development which the government needs to solve with urgency. The Government is increasingly aware of the fact that the energy problem can only be solved by dealing with both sides of the same coin: developing its own renewable energy sources on the one hand and, and in parallel, introducing and applying energy efficient technologies on the other hand. 2) Cooperation related policy of beneficiary country In 2014, the Cuban Government has announced a new energy policy aiming at increasing the use of renewable energy sources for electricity generation from approximately 4.3% in 2013 to 24% by 2030, generating some 7,245 GWh of electricity and avoiding GHG emissions equivalent to 4,463 tons of CO2. Cuban authorities are also aware that not only it is necessary to harness the potential of its abundant renewable sources, but also to introduce energy efficient technologies and to change the energy consumption patterns being utilized in all sectors of the society. The action will be aimed at improving policy and regulatory reforms related to the promotion of renewable energy and energy efficiency, improving access to foreign investment, and developing local development projects for rural electrification with the ambitious aim of reaching 100% energy access. Therefore, these actions will directly contribute to transforming Cuba's energy matrix, reducing fossil fuel import bills, creating jobs and reducing greenhouse gas emissions. 3) Coherence with the ***programming*** documents In line with the EU’s Agenda for Change and EU-Cuba priorities in the framework of the Multi-annual Indicative ***Programme*** 2014-2020, specifically with Sector 2, the Action is expected to support the Cuban government in the efficient and sustainable management of its energy resources. 4) Identified actions The Action Document 'Support to Cuba's Energy Policy' (Annex I) proposed for an amount of EU contribution EUR 18,000,000 aims at supporting the Cuban Government efforts towards the efficient and sustainable management of its resources with a view to diversifying Cuba's energy mix. 1 The reliability of statistical reporting has been a concern, as HDI includes GNI per capita. 3 The proposed Action aims at the following specific objectives: -Support the effective implementation of the 'Policy for the perspective development of Renewable Sources and the Efficient Use of Energy' and its Regulatory framework; -Facilitate foreign investment in the sectors of Renewable Energy and Energy Efficiency as well as the access to international cooperation funds. -Support the implementation of the ***Programme*** for Energy Management and Conservation, including Energy Efficiency. -Support local development enhancing the access of rural communities to renewable energy, while encouraging efficient energy consumption. 5) Expected results The expected results of the Action 'Support to Cuba's Energy Policy' are fully in line with the Multiannual Indicative ***Programme*** (MIP) (2014-2020) and will be reached by sharing best practices and providing training to Cuban key actors by experts with 'hands on' experience on related energy policy implementation in the sectors of renewable energy and energy efficiency, and by supporting the government in the design and execution of its strategy for attracting international investment in the energy sector. This Action is also aligned to broader strategies for poverty reduction and to the Sustainable Development Goals, especially to objective 7 'Ensure access to affordable, reliable, sustainable and modern energy for all'. Cross cutting issues such as gender equality, environment, climate change aspects and human rights dimension are included in the Action. 6) Past EU assistance and lessons learnt. The proposed Action builds on existing experience under 3 EU-financed projects directly promoting the use of renewable energy (including research-type projects) that concluded between 2015 and the first part of 2016, and one project dealing with climate change, which addresses energy efficiency (i.e energy is not a core objective of the project). Lessons learnt within the framework of the EU-financed Exchange of Experts ***Programme*** have also been taken into account for the design of the present Action. 7) Complementary actions/donor coordination. One of the components of the proposed Action will be complementary to the ***Programme*** 'Support to Sustainable Economic Modernisation' (2nd phase of the Exchange of Experts ***Programme***), approved under the AAP 2015, which started early 2017. As regards the current or future cooperation in the energy sector, important actors and initiatives in this sector are: 4 • Canada: Currently, Canada supports UNE (Unión Nacional Eléctrica) in the vocational training of staff members such as welders and electricians. • Switzerland / COSUDE: Energy is one of their cooperation priorities and they are (co)-financing several interesting projects dealing with energy efficiency (BASAL – co-funded with the EU), bio-energy and biomass (use of Jatropha to ***produce*** bio-diesel, following the steps of the EU-funded project 'Agroenergía' and BIOMAS project). • AECID (Agencia Española para la Cooperación y el Desarrollo) has been very active in Cuba, but not as much in this sector. In the past, AECID has supported the Cuban NGO CUBASOLAR on solar electrification projects. • UNDP: Energy has been part of UNDP portfolio for several years, along with environment. UNDP is implementing BASAL (climate change adaptation and mitigation component), and is now implementing a new GEF-funded project (2016-2020) dealing with bioenergy (project 'Tecnologías de Energía Limpia para las Áreas Rurales en Cuba', (focusing on the promotion of biogas and biodiesel essentially), together with CUBAENERGIA, MINEM and EEIH. UNDP had successfully carried out rural pilot electrification projects in the province of Guantanamo that can serve as examples for this Action. • UNIDO (United Nations Industrial Development Organization). Some successful cases on electrification such as Isla de La Juventud are in UNIDO’s portfolio in the country. The Isla de La Juventud project was aimed at demonstrating the technical/commercial feasibility of energy production by renewable energy (RE) and training qualified personnel. • AFD (French Agency for Development) opened an office in Havana at the end of 2016. They will implement an EU-funded LAIF Facility (EUR 3 million) to fund pre-feasibility and feasibility studies to attract foreign investments. The energy sector is one of the priorities together with sustainable ***agriculture***, water and sanitation and transport. The Cuban government has already submitted some investment projects on RE to AFD to be analysed for a possible loan. Coordination with AFD has to be ensured in the implementation of this Action. • Germany carried out two identification missions in May and September 2016 consisting of representatives of KfW, GIZ and PTB (German Institute for Metronomy). The main areas of ***intervention*** selected and agreed upon with the Cubans are: (i) grid stability (RE source fed into the national grid and respective analytical and protective measures); and (ii) support measures of the national PV production (technological aspects, quality improvement, increase of quantity of PV panels). Modalities of implementation are being discussed and could take some time. • The Netherlands were recently asked by the Cuban government to provide assistance in the area of wind power. UNDP and UNIDO will be part of implementing bodies of the ***Programme*** and close synergies with the EU-funded LAIF Facility implemented by AFD has to be guaranteed. As far as donor coordination is concerned, apart from the EU Member States Working Groups, there is not a formal mechanism in the country; but close collaboration with other donors involved in this sector will be ensured. 5 4. Communication and visibility Foreseen communication and visibility activities may include: media coverage, leaflets, banners, audio-visuals, publications, workshop materials (e.g bags, notebook and pencils) and fairs, among others. Messages will be agreed between the EU Delegation and main stakeholders. Each implanting body will elaborate a Communication and Visibility ***Plan*** and will indicate a specific budget for communication and visibility activities. 5. Cost and financing 'Support to Cuba's Energy Policy' EUR 18 million Total EU contribution to the measure EUR 18 million The Committee is invited to give its opinion on the attached 2017 Annual Action ***Programme*** in favour of Cuba.

**Load-Date:** September 7, 2017

**End of Document**



[***Featuring renewable energy facilities: UBM is calling for manufacturers to participate in Livestock Taiwan Expo & Forum on 26-28 July***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RFK-Y8V1-JB72-14TC-00000-00&context=1516831)

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**Body**

The 2nd edition of "Livestock Taiwan Expo & Forum", collectively organised by the UBM Asia Ltd., Taiwan and Malaysia, will be launched at the Taipei World Trade Center, Hall 1, from July 26-28 in Taiwan.  The debut last year brought outstanding results along with the positive feedback received from both exhibitors and visitors.  The show is urged to double in size in 2018 and exhibitor recruitment has begun.  Featuring "Innovative, Eco-friendly and Sustainable" livestock technology, the trade show aims to upgrade industrial equipment and optimise production process.  The "Livestock Taiwan Expo & Forum" is expected to provide a better solution for food safety, food crisis and animal diseases.

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As food safety has become a major public concern around the world, Taiwan speeds up on carrying out the traceability ***program*** of livestock products as well as on the promotion and education of food safety regulations and management. Other than the "Five-point Food Safety Policy" issued by the government, private companies and local associations have also developed ***strategic*** ***plans*** in correspondence with strengthening the QA & QC procedures of food products.  Chang Sheng-Chin, the Secretary General of Swine Association Taiwan stated, "Before implementing effective food safety policy, the traceability ***program*** of livestock products has to be built up step by step.  The Swine Association takes the initiative and targets food markets to put 'tracing board' on the butcher.  The consumers could be informed where and how the meat comes from with a scan of the QR code on the board." He continued, "The traceability management in Taiwan advanced rapidly and to be promoted the most among the Asia-pacific areas.  It's just time to input the technologies and services for traceability matters."

In order to ensure the food safety management, the eco-friendly equipment upgrade schemes sprang up from around the world.  The subsidies of animal farm and rancher facilities, biogas utility and renewable energy facilities rise as fast as the state-of-the-art technologies developed.  The exhibitor, Emperor Penguin Ent. (known as Chin Jung Iron Works) will showcase automatic energy-saving swine farming plants that divided the house into several rooms according to swines' characteristics in age and function.  Subsequently, the facilities to be in part of the plant, including fermented manure processing system, auto feeder, fans ventilation and cooling system, hammer mill and so on, will be also introduced at the "Livestock Taiwan Expo & Forum."  Those equipments ***produced*** by Sunki Biotech, Kolowa Ventilation, and Idah Co. play pivotal roles in the circular economy system and also take preemptive action to export market.

The "Livestock Taiwan Expo & Forum" is held concurrently with "Aquaculture Taiwan Expo & Forum" and "Asia Agri-Tech Expo & Forum" at Taipei World Trade Center, Hall 1.  UBM Asia Ltd., Taiwan Branch endeavoured to recruit manufacturers supplying automatic livestock equipment, environmental control and ventilation systems from around the world, including the Middle East, Europe and USA.  The triple exhibition contains a series of conferences and business match making ***programmes*** from July 26-28.  This one-and-only annual trade show represents Taiwan's premier, international and professional B2B trading platform that focuses on the advanced technologies for the field of livestock, aquaculture and ***agriculture***.  For more exhibition information and details, please refer to the official website[*http://www.livestocktaiwan.comor*](http://www.livestocktaiwan.comor) contact Sophia Lu (TEL: +886-2-2738-3898; FAX: +886-2-2738-4886; [*Email:aat-tw@ubm.com*](mailto:Email:aat-tw@ubm.com)).

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[***Register of Commission documents:the Commission to the Council and the European Parliament Eleventh Annual Report 2016 on the implementation of Community assistance under Council Regulation (EC) No 389/2006 of 27 February 2006 establishing an instrument of financial support for encouraging the economic development of the Turkish Cypriot community Document date: 2017-07-10 COM\_COM(2017)0372 COM documents***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PCC-KFD1-JDG9-Y4FT-00000-00&context=1516831)

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**Body**

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EN EN EUROPEAN COMMISSION Brussels, 7.7.2017 COM(2017) 372 final REPORT FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT Eleventh Annual Report 2016 on the implementation of Community assistance under Council Regulation (EC) No 389/2006 of 27 February 2006 establishing an instrument of financial support for encouraging the economic development of the Turkish Cypriot community 2 REPORT FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT Eleventh Annual Report 2016 on the implementation of Community assistance under Council Regulation (EC) No 389/2006 of 27 February 2006 establishing an instrument of financial support for encouraging the economic development of the Turkish Cypriot community 1. INTRODUCTION Council Regulation (EC) No 389/20061 (the 'Aid Regulation') is the basis for the provision of assistance to the Turkish Cypriot community (TCc) and requires annual reporting to the Council and the European Parliament. This report covers the year 2016. 2. ***PROGRAMMING*** OF THE ASSISTANCE Between 2006 and the end of 2016, EUR 450.2 million was ***programmed*** for operations under the Aid Regulation. The amount committed in December 2016 for the 2016 annual ***programme*** was EUR 33,408,3922. The Multiannual Financial Framework (MFF) 2014-20 provides a multi-annual perspective to the ***programme*** with a provision for stable, annual funding. The assistance ***programme*** is, however, temporary in nature, aiming to facilitate the reunification of Cyprus, and both the Aid Regulation and Council Regulation No 1311/2133 laying down the MFF allow for a revision in case of reunification.

3. IMPLEMENTATION MECHANISMS The ***programme*** is implemented in the areas of the Republic of Cyprus in which the Government of the Republic of Cyprus does not exercise effective control and where the application of the acquis is temporarily suspended pursuant to Protocol 10 of the Treaty of Accession. Assistance is implemented primarily through direct management by the European Commission, but some projects are indirectly managed by the United Nations Development ***Programme*** (UNDP), the European Bank for Reconstruction and Development (EBRD) or the British Council. The Commission operates in a unique political, legal and diplomatic context. Ad hoc arrangements are needed to implement the ***programme*** while respecting the principles of sound financial management. In EU-funded aid ***programmes***, in normal circumstances, agreements with a beneficiary government would establish the legal framework for development assistance. No such agreements can be made for the assistance to the TCc. Management and mitigation of the inherent risk is part of the Commission's responsibility and measures adopted include intensive monitoring of contracts and provision of support to beneficiaries, revised payment conditions and a careful approach to the use of bank guarantees. The assistance includes a significant amount of grant support, requiring resource-intensive management. To ensure successful and sustainable implementation in this environment, the TCc must fully engage in the preparation for the acquis roll-out following settlement. 1 OJ L65, 7.3.2006, p.5 2 Commission Decision C(2016) 6688. 3 OJ L347, 2.12.2013, p.884 3 The ***Programme*** Team operates through the EU ***Programme*** Support Office (EUPSO) in the northern part of Nicosia. The Representation of the Commission in Cyprus also hosts meetings, seminars and press conferences and communicates with the Cypriot public throughout the island, including on the Aid ***Programme***, and also via the EU infopoint that is itself funded under the Aid ***Programme***. 4. IMPLEMENTATION DURING THE REPORTING PERIOD 4.1 General overview The Commission continues to implement the Aid Regulation with the overall aim of supporting reunification. The Commission stands ready to adapt the ***programme*** as a result of any agreements reached in the settlement talks, and action was taken to finance the opening of two new crossing points as a confidence building measure. Operations in 2016 included the continuation of a number of established and successful projects, such as EU scholarships and confidence building measures in support to the Committee on Missing Persons (CMP) and the Technical Committee on Cultural Heritage (TCCH). Assistance provided to key economic sectors preparing for a settlement was reinforced through projects for the development of the private sector, and rural and human resources. Considerable gaps in the capacity of the beneficiaries to effectively implement the acquis still exist, and extensive adaption is required to reach this goal. However, the TCc has a firmer understanding of the challenges. Grant support remains an essential element of the ***programme***. The Commission continued to make recourse to outsourcing, to help ensure that grants reach the beneficiaries in a timely and efficient manner. Since 2008, a Project Management Unit (PMU) set up through a technical assistance service contract has been providing services to support the implementation of grant schemes. This PMU continues to offer valuable help to the Commission in terms of increased efficiency and assurance in the operational management, implementation and monitoring of grant schemes. One continuing issue concerns the construction of the Famagusta sewage network, which was terminated in December 2013 by the Commission. The dispute with the former contractor has not been resolved. However, in 2016, an engineering firm contracted by the Commission carried out a thorough study on the necessary remedial works, their cost and the relevant tender dossier. This study is being finalised. At the end of the year, 252 contracts were overall running under the ***Programme***. As regards the Commission's administration, the tasks and resources of the former Task Force for the Turkish Cypriot community were transferred to the Secretariat General's Structural Reform Support Service (SRSS) in 2016. The SRSS is tasked with the coordination of the work of all Commission services involved in supporting the Cyprus settlement process under UN auspices. Together with the team supporting President Juncker's Personal Representative, it formed a new unit 'Cyprus Settlement Support'. This transfer did not change the mandate given to the Commission under the Aid Regulation. 4 4.2 Progress by objectives The overall objective of the Aid ***Programme*** is to facilitate the reunification of Cyprus by encouraging the economic development of the TCc, with particular emphasis on the economic integration of the island, on improving contacts between the two communities and with the EU, and on preparation for the acquis. The activities undertaken in 2016 with respect to each of the objectives of the Aid Regulation were: 4.2.1 Objective 1: Developing and restructuring of infrastructure The part of the Next Generation Network telecommunications equipment for delivering data (internet) services, already provisionally accepted was running without major incidents. However, the billing module required for delivering voice services has not yet been completed. Discussions took place with the supplier on how and when final tests could be executed for the delivery of a full Provisional Acceptance Certificate in 2017. Technical assistance on traffic safety continued in order to accompany the beneficiary in the reforms in the sector. Following a comprehensive assessment of the situation, focus was put on amending the vehicle registration process as the first step in setting up a vehicle inspection system aligned to international standards. The bi-communal Nicosia Wastewater Treatment Plant (WWTP) at Mia Milia/Haspolat has been ***producing*** clean effluent since 2012, but a number of related projects still have to be carried out. The design of the new trunk sewer serving the whole of Nicosia and connecting to the bi-communal WWTP made good progress and the preparation of the Works tender to construct the sewer was initiated. The two communities reached an agreement on sharing the treated WWTP effluent; a feasibility study for and design of the distribution system up to the buffer zone is underway, along with assistance for promoting ***agricultural*** use of the stabilised sewage sludge ***produced*** by the plant. In 2016, an engineering firm carried out the study to identify the necessary remedial works for the Famagusta sewage networks and related cost. This study is being finalised. Assistance in the solid-waste sector continued through different actions. The installation of a new sterilisation facility for treatment of hazardous medical waste was delayed as the beneficiary's premises were not ready to accommodate the new equipment. This was eventually resolved and project implementation had resumed by year end. Also, a tender dossier was prepared for the extension to the Koutsoventsis/Güngör landfill, including specifications for a leachate-treatment unit. Four waste transportation trucks, reinforcing the fleet available to the local communities to transport waste to the central landfill, were delivered. However, additional investment in waste trucks, as well as in other waste-management infrastructure (transfer stations, closure of illegal dumpsites), needs further preparation on the side of the beneficiary. A project for setting up a collection, transport and central-treatment system for animal by-products, which are most dangerous for human health, was prepared and tendered. Finally, solid waste management was also addressed in grant schemes supporting civil society and local communities. The beneficiary informed the Commission that it wished to take over the finalisation of the construction of information and management centres in four potential Natura 5 2000 areas using its own budget. Those partially constructed buildings were the subject of a contract that terminated in 2011 and were to be completed under a Delegation Agreement with the UNDP signed in 2014. 4.2.2 Objective 2: Promoting social and economic development The Technical Assistance to the Private Sector (TAPS) project, launched in November 2015, continued. This project aims at promoting private sector growth and job creation. It provides technical assistance to local bodies to prepare for the application of the acquis in areas linked with the development of the private sector. The support takes the form of analytical studies and preparation of strategies, including, for example, the finalisation of the Small-and-Medium Enterprises Strategy and Action ***Plan***. It also assists Micro and Small-Sized Enterprises (MSMEs) to prepare for the acquis by supporting Business Support Organisations, which reinforce the organisational and service provision capacity of the former. In September 2016, a single contract was signed with an external expert: to assess the viability of an innovation strategy in line with Horizon 2020 and the concept of SMART growth; and to investigate possible patterns of integration with the government controlled areas. In addition, in February 2016, a Delegation Agreement was signed with the EBRD to grant Turkish Cypriot companies access to credit funds and to provide capacity- building support to local business consultants. Businesses are also supported directly through grants. Twenty-four projects funded under the SME Development: Modernising Products and Services grant scheme were still ongoing at the end of 2016. In the field of rural development, technical assistance was launched to develop the capacity of farm-advisory services, including the preparation of a strategy. Out of the 39 projects awarded in 2013 under the 3rd Rural Development grant scheme, a further 13 were successfully completed in 2016. Technical assistance to strengthen the capacity of veterinary services to secure and monitor compliance with animal health standards and other sanitary requirements for control of animal diseases and future trade of animal products, which started in mid-2015, continued in 2016. This remains a particularly challenging assignment. A metrology project was launched to develop analytical services in the Turkish Cypriot community to the level where they can be relied upon to support analysis of foodstuffs and products in a manner compliant with EU acquis requirements in key areas. The 4th call for proposals for Community Development was published on 8 April 2016 with an allocated budget of EUR 4.85 million. This new grant scheme offers the local communities the opportunity to submit proposals to improve the efficiency and quality of services. The main priorities are waste management services, cleaning and environmental services, social services targeting the elderly, women, children and youth, stray animals, management services, pest-control services and capacity building and the strengthening of management structures. Evaluations of the proposals received are ongoing. In the education sector, 15 grants were awarded in 2016 under the EUR 1.5 million scheme for Innovation and Change in Education VI. Their objectives include 6 enhancing teaching/learning capacities, joint projects with Greek Cypriot schools, and improving the capacities for entrepreneurship and lifelong-learning. Out of the 15 projects, 9 are being implemented by schools and 6 by lifelong-learning organisations. A new EUR 1.5 million grant scheme for Innovation and Change in Education VII was launched in the first half of 2016, covering the same objectives as the previous call for proposals. The evaluation of proposals is also ongoing. In 2016, the second technical assistance project for Vocational Education, Training and Labour Market (VETLAM II) focused in particular on a review and update of the qualifications framework and on capacity building for employment services. The project is ***planned*** to end in November 2018. Building on the results of previous analytical work, the second phase of the economic monitoring ***programme*** conducted by the World Bank provided additional in-depth analysis and technical assistance in important areas. The ***programme*** focused on fiscal analysis, financially-sustainable public administration bodies, economic, trade-related effects of reunification, private-sector development and social inclusion and macroeconomic monitoring. This ***programme*** is ***planned*** for completion in the second half of 2017. 4.2.3 Objective 3: Fostering reconciliation, confidence building measures, and support to civil society The Committee on Missing Persons (CMP), supported by the Aid ***Programme*** through an indirect management arrangement with UNDP, continued its field and laboratory work. By the end of 2016, out of the 2001 total missing persons, the CMP had exhumed 1192 sets of remains, out of which 740 were genetically identified. After a slow down of identifications during 2015 due to an audit of DNA testing procedures, the rate increased in 2016 to the high numbers recorded in 2013 and 2014. Additional positions for investigators were opened and an archive project was established in July. In February 2016, religious leaders made a joint appeal for Cypriots to come forward with information. A book on the work of the CMP scientists was ***produced*** in three languages. It was presented in Cyprus and during events at the United Nations in New York, the International Red Cross Committee in Geneva and the European Parliament in Brussels, where Presidents Schultz and Juncker renewed their full support for this project, which is instrumental for reconciliation in Cyprus. In December 2016, the Delegation Agreement with UNDP was extended to provide funding for the operations of the CMP also for 2017, for an amount of EUR 2.6 million. Further EU support to the CMP operations will be based on its updated strategy for 2018-2020. Overall, in the period 2006-2016, the EU contributed in excess of 80% of the overall funding provided to the CMP by all donors. Cultural Heritage protection through the bi-communal Technical Committee on Cultural Heritage (TCCH) remained a key component of the reconciliation and confidence building actions supported under the Aid ***Programme***. During 2016, the main milestones of the ***programme*** included the start of conservation measures for the Martinengo Bastion and the Venetian walls between the Arsenal and the Othello Tower/Citadel in Famagusta. Also in 2016, works started for the conservation of Agia Marina/Gurpinar, a Maronite church located within a military site that was finally made accessible in 2016. The first phase of the conservation of Agios Panteleimonas in Myrtou/Çamlıbel village was finalized during 2016. 7 A Delegation Agreement for the fifth phase of the Cultural Heritage protection ***programme*** was signed with UNDP in December 2016. In the future, particular attention will continue to be given to conservation and caretaking of restored sites by the beneficiary communities. In response to an initiative of the two Cypriot leaders for new confidence building measures, the Commission acted swiftly in 2015 to reallocate the necessary resources for the opening of the new crossing points at Deryneia and Lefka-Apliki. A Delegation Agreement with UNDP was signed in early 2016 for works north of the Green Line, which are expected to be completed in the first half of 2017. Support for civil society continued in 2016. Technical assistance (Civic Space) - providing capacity building for Civil Society Organisations (CSOs) and stimulating networking and joint actions with Greek Cypriot and other EU CSOs - continued in 2016. Efforts concentrated initially on creating an enabling environment for the development of Civil Society and encouraging active citizenship initiatives through the 'Grow Civic' mechanism. In addition, the eighteen grants awarded under the 'Civil Society in Action IV and V' grant schemes were still running in 2016. They funded a variety of actions in the fields of the environment, human rights, art and sport, which encourage citizens' engagement and cross-community exchanges in those fields. The Civil Society Forum (CSF), a platform where CSOs can express their expectations and priorities, was convened every three months. It acted as a catalyst for advocacy and promoted active citizenship. A full month of CSO actions under the name of 'Open Door Festival' took place for the first time from mid-September to mid-October;, the aim of these actions was to inform the public of past and present activities and promote volunteerism among people of all ages. During the Festival, more than 40 associations, foundations, platforms, initiatives and activists opened their doors and carried out more than 80 events, including open-door events and other community-oriented activities. 4.2.4 Objective 4: Bringing the TCc closer to the EU The management of scholarships to the EU was delegated to the British Council for the academic years 2014-16. This arrangement was extended for a further three years through a Delegation Agreement signed with the British Council in December 2016, covering the academic years 2017-20. The EUR 1.92 million available under the 2016 call allowed 151 scholarships to be funded for the 2016/2017 academic year. These scholarships supported young students during the first year of undergraduate studies, graduate students in their masters' and doctoral ***programmes***, and researchers and professionals to further develop their skills and knowledge across several EU Member States. The Scholarship ***Programme*** has ensured access to scholarships by more than 1000 Turkish Cypriot students and professionals since 2007. The continuity of this scheme is considered vital. As part of the activities to manage the Scholarship ***Programme***, the British Council organised 'Study in Europe' days to provide information to students about study possibilities in the EU. It also continued to develop an alumni network and will monitor the medium-term impact, for example the return rate of students to Cyprus and the success rate in finding employment. There is a high demand for information on the EU in the Turkish Cypriot community. The EU Infopoint, which is managed together with the Representation of the European Commission in Cyprus, started functioning in early 2015 with a total 8 budget of EUR 1,545,000 for a 30-month period. It generated a high level of visibility for the EU, its policies and the Aid ***Programme***. Up to now, the EU Infopoint has held various panels/events on various topics, including environment (water, energy, waste management including recycling, and biodiversity), organic ***agriculture***, health & safety at work, food safety, animal welfare and animal health. It has also covered topics such as human rights, rights of people with disabilities, children’s rights, gender equality, LGTB rights, and consumer rights. In 2016, the EU Infopoint organised 47 events (of which 35 in Nicosia) including Europe Day, European Week Against Racism, European Youth Week & International Youth Day, European Night of Researchers, EU Anti-Trafficking Day, Mobility Week and Traffic Safety, European Week of Sport, and European SMEs Week. These events attracted over 4,382 participants, showing increased interest from the community (2,383 participants at 2015 events). During 2016, 5,139 information products and 12 newsletters were distributed (in total since the opening of the Infopoint, 11,429 and 20 respectively). 564 news articles and 32 TV spots appeared on the local media during 2016 (923 and 82, respectively, since inception of the project). Traffic on the Facebook page 'Abbilgi' also confirmed the popularity of the activities (3,896 new 'likes' in 2016, bringing the total number of likes since its opening to 8,471). The EU Infopoint also supported the promotion of all Calls for Proposals and other Aid-***Programme***-funded projects and events via Facebook posts/reminders, front-shop poster displays, hosting of events and project launches at its public space. It established ***strategic*** partnerships with other EU-funded projects and technical assistance projects such as Civil Society development (Civic Space), Private Sector development, Animal Disease Eradication, Waste Management, and with relevant departments and Civil Society Organisations in the TCc. 4.2.5 Objectives 5-6: Preparing the Turkish Cypriot community to introduce and implement the acquis The Commission's Technical Assistance and Information Exchange (TAIEX) instrument is used to implement objectives 5 and 6 of the Aid Regulation and thus helps prepare the TCc for implementation of the acquis in view of the withdrawal of its suspension upon the entry-into-force of a comprehensive settlement of the Cyprus problem. Assistance continued in 2016 around the same 16 main areas or 'sectors' of the acquis as in previous years. In total, the number of events organised in 2016 was 220. TAIEX actions included expert missions, training courses, workshops and study visits. TCc stakeholders demonstrated a significantly heightened awareness of acquis requirements in the active TAIEX sectors. Support for trade across the Green Line (Regulation 866/2004) continued. The independent experts were involved in 2016 in carrying out the regular phytosanitary inspections of potatoes and citrus products, taking honey samples for analysis and ***producing*** an updated list of vessels whose catch can be traded across the Green Line. 4.3 Financial execution (contracts and payments) 4.3.1 Contracting 9 Legal commitments amounted to EUR 15.5 million in 2016. The total volume decreased compared to the previous year, although the total number of transactions increased. 4.3.2 Payments Payments in 2016 were EUR 21.4 million. 4.4 Monitoring The Commission has direct responsibility for implementation of most projects (direct management). The level of monitoring by Commission staff is very high, with constant contacts with contractors, 'spot-check' visits, site meetings and steering committees meetings. The PMU continued to support the Commission with the monitoring implementation of grant contracts/projects awarded to local communities for their development, to SMEs and rural enterprises, to Civil Society Organizations, and to schools and vocational education and training organisations, while also supporting grant beneficiaries in the application of EU rules for grant contract implementation, including for secondary procurement. The TAIEX monitoring was conducted through Project Steering Groups, aimed at stock-taking, progress evaluation and ***planning*** for the future period. TAIEX logistics are monitored through the on-line TAIEX Management System. 4.5 Audit and controls The European Court of Auditors reported in early 2016 on the follow-up to the 2012 TCc Aid ***Programme*** audit. According to its findings, no follow-up action is required. Also, a detailed external audit of internal control mechanisms was carried out in order to identify potential improvements in assurance following the 2015 transfer of the Task Force to the Directorate-General for Regional and Urban Policy. The auditors reported in 2016 and their findings were streamlined into the integration of the former Task Force into the Structural Support Reform Service. In autumn 2016, DG NEAR conducted an ex-post audit on selected payment transactions and related procurements and contracting procedures under direct management, reporting that they were free from material errors. A contract was signed for the expenditure verification of 15 grant contracts awarded under the grants scheme for SME development III: modernising products and services. This work will continue during 2017. 4.6 Evaluation A significant improvement in statistics within the TCc will be necessary to accompany the future acquis roll-out. Following the 2014 assessment of CMP operations by the Equipo Argentino de Antropologia Forense (EAAF), more visits were made by the EEAF in 2016; these were devoted to field operations and training of scientists. An ex-post evaluation of SME grant schemes was contracted to the PMU and was scheduled to start at the beginning of January 2017. 4.7 Information, Publicity and Visibility Overall, there were 138 visibility and communication actions in 2016. The highlights in 2016 were: rural tours to 4 different locations outside of Nicosia, sharing information with women’s groups about EU rural development policies and available EU support and opportunities, a public information event for the Technical 10 Committee on Cultural Heritage; skills-development sessions for youth in several locations to boost the job-searching skills of unemployed young people and to promote local and EU employment/volunteering portals; the European Science and Fun Day, in which 600 high-school students participated. Europe Day was celebrated with a large-scale outdoor event with more than 450 participants. Green Week was celebrated with a series of events including a panel, film-screening, an outdoor event for an awareness campaign, and a battery collection competition, which resulted in the collection of more than 2,000 kg of used batteries from 41 schools. A Traffic Safety Short Video Competition was also organised to raise safety awareness amongst young people. 4.8 Consultations with the Government of the Republic of Cyprus Meetings were held with representatives of the Government of the Republic of Cyprus, in particular when senior Commission officials visited the island. The Commission continues to rely on the Government's cooperation for verification of property rights, and also meets regularly with the Permanent Representation in Brussels. In March 2016, the Commission made a general presentation of the previous year's developments under the Aid ***Programme***, hosted by the Ministry of Foreign Affairs, an annual occurrence. 5. CONCLUSIONS The Commission remains committed to supporting the settlement process under the UN auspices, and it will make use of all possibilities under the ***programme*** to facilitate initiatives arising from the process. The Commission continues to deliver assistance under the Aid Regulation to facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community, through work under its six objectives. It has been shown that TAIEX support and project support under Objectives 1 and 2 of the Aid ***Programme*** (infrastructure investments and supplies, technical assistance grants) had a positive impact on the work of the bi-communal Ad-Hoc Committee on EU preparations, which operates under UN auspices, since TCc participants demonstrated a significantly improved awareness of the acquis. During 2016, assistance continued to focus on areas that present particular problems with future acquis compliance. In view of the capacity constraints, limited human and financial resources and gaps in readiness for the future acquis roll-out, the sustainability of projects must be carefully considered. The Commission has remained active in supporting particularly complex projects for periods after the hand-over to beneficiaries. Major infrastructure projects are, however, now operating and maintained successfully by the beneficiaries. The track record of past assistance and the maturity of projects will be reflected in future ***programming*** exercises.

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[***Council of the European Union:Report from the Commission to the European Parliament and the Council: Annual report to the Discharge Authority on internal audits carried out in 2016 (Article 99(5) of the Financial Regulation) ST 12267 2017 INIT***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R13-FF01-JDG9-Y3H3-00000-00&context=1516831)

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12267/17 RGP/ab DG G 2A EN Council of the European Union Brussels, 18 September 2017 (OR. en) 12267/17 FIN 553 COVER NOTE From: Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director date of receipt: 15 September 2017 To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union No. Cion doc.: COM(2017) 497 final Subject: Report from the Commission to the European Parliament and the Council: Annual report to the Discharge Authority on internal audits carried out in 2016 (Article 99(5) of the Financial Regulation) Delegations will find attached document COM(2017) 497 final. Encl.: COM(2017) 497 final EN EN EUROPEAN COMMISSION Brussels, 15.9.2017 COM(2017) 497 final REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL Annual report to the Discharge Authority on internal audits carried out in 2016 (Article 99(5) of the Financial Regulation) {SWD(2017) 306 final} 2 1. Introduction .......................................................................................................... 2 2. The IAS Mission: Independence, objectivity and accountability Objectives and scope of the Report ...................................................................................................... 3 3. Overview of audit work ........................................................................................ 4 3.1 Implementation of the 2016 audit ***plan*** ................................................................... 4 3.2 Statistical data on IAS recommendations ................................................................ 5 4. Summary of the audit work .................................................................................. 7 4.1 Conclusions on performance audits ......................................................................... 7 4.1.1 Performance of Commission DGs, Services and Executive Agencies: horizontal processes ....................................................................................................... 8 4.1.2.Performance in implementing budget operational and administrative appropriations ............................................................................................. 12 4.2 IAS limited conclusions ......................................................................................... 13 4.3 Overall opinion on the Commission's financial management ................................. 14 5. Consultation with the Commission's Financial Irregularities Panel ...................... 14 6. Conclusions ......................................................................................................... 14 7. List of acronyms .................................................................................................. 16 1. INTRODUCTION This report is to inform the European Parliament and Council of the work carried out by the Commission’s Internal Audit Service (IAS), as required by Article 99(5) of the Financial Regulation. It is based on the report drawn up by the Commission’s Internal Auditor under Article 99(3) of the Regulation, regarding IAS audit and consulting reports completed in 20161 on Commission Directorates-General, Services and Executive Agencies2. In line with its legal base it contains a summary of the number and type of internal audits carried out, the recommendations and the action taken on those recommendations.

1 The audit reports finalised in the period 1 February 2016 - 31 January 2017 are included in this report. 2 The Report does not cover the decentralised European Agencies, the European External Action Service, or other bodies audited by the IAS, which receive separate annual reports. 3 2. THE IAS MISSION: INDEPENDENCE, OBJECTIVITY AND ACCOUNTABILITY OBJECTIVES AND SCOPE OF THE REPORT The mission of the Internal Audit Service is to provide to the Commission independent, objective assurance and consulting services designed to add value and improve the operations of the Commission. The IAS helps the Commission accomplish its objectives by bringing a systematic, disciplined approach in order to evaluate and make recommendations for improving the effectiveness of risk management, control and governance processes. Its tasks include assessing and making appropriate recommendations for improving the governance process in its accomplishment of the following objectives: promoting appropriate ethics and values within the organisation, ensuring effective organisational performance management and accountability and effectively communicating risk and control information to appropriate areas of the organisation. Thereby it promotes a culture of efficient and effective management within the Commission and its departments.The IAS's independence is enshrined in the Financial Regulation3 and its Mission Charter4 as adopted by the Commission. The IAS reports on all of its audits to the Audit Progress Committee (APC). The Audit Progress Committee assists the College of Commissioners by ensuring that the work of the IAS and of the European Court of Auditors (ECA) is properly taken into account by the Commission services and receives appropriate follow-up. The IAS performs its work in accordance with the Financial Regulation and the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics of the Institute of Internal Auditors. The IAS does not audit Member States’ systems of control over the Commission’s funds. Such audits, which reach down to the level of individual beneficiaries, are carried out by Member States’ internal auditors, national Audit Authorities, other individual Commission DGs and the ECA. The IAS does, however, audit measures taken by the Commission services to supervise and audit bodies in Member States, and other bodies which are responsible for disbursing EU funds, such as the United Nations. As provided for in the Financial Regulation, the IAS can carry out these duties on the spot, including in the Member States. 3 Article 100 of the FR. 4 C(2015)2541 (20 April 2015), Communication to the Commission, Mission Charter of the Internal Audit Service of the European Commission. The Mission Charter was updated in 2017, ref. C(2017) 4435 final of 30 June 2017, to align it with the revisions brought to the international standards by the Institute of Internal Auditors (IIA). 4 3. OVERVIEW OF AUDIT WORK 3.1 Implementation of the 2016 audit ***plan*** By the cut-off date of 31 January 2017, the implementation of the updated 2016 audit ***plan*** reached its target of 100% of ***planned*** engagements for audits in the Commission's Directorates-General, Services and Executive Agencies5. 154 engagements (including audits, follow-ups, reviews and one consulting assignment) were finalised, broken down as follows: 2016 2015 2014 Engagements Reports Engagements Reports Engagements Reports Audit 52 60 38 526 257 31 Follow-up 95 -8 96 - 53 - (Limited) Review 6 6 2 2 5 5 Management Letter 0 1 1 1 1 1 IT Risk Assessment 0 0 0 0 1 1 JSIS Risk Assessment 0 0 1 1 0 0 Consulting 1 1 1 1 0 0 Total 154 68 139 57 85 38 The 2016 initial ***plan*** contained 67 audit engagements and limited reviews which were ***planned*** to be finalised by the cut-off date of 31 January 2017 and 34 audits which were ***planned*** to start before this cut-off date and to be finalised in 2017. The ***plan*** was updated at mid-year. Both the initial and updated ***plans*** were considered by the Audit Progress Committee. In accordance with its Charter and the International Standards and in order to ensure an efficient and effective implementation of the audit ***plan***, the IAS ***plans*** its 5 The SWD provides an overview of all completed audit and follow-up audit engagements. 6 Some audits, in particular multi-DG audits, may give rise to more than one audit report. 7 The 'Gap analysis of new legislation/design of 2014-20 ***programming*** period of European Structural and Investment Funds – Part 2' addressed to DG REGIO and DG EMPL is counted as two engagements. 8 For efficiency reasons, audit recommendations can be closed without systematically ***producing*** a formal report or closing note after every follow-up engagement. Therefore no figures on the number of reports are shown in the table. 5 audit work on the basis of a risk assessment and a capacity analysis. The implementation is then regularly monitored and adjustments are made as necessary. 3.2 Statistical data on IAS recommendations The number of recommendations issued by the IAS (including their acceptance rate) in 2016 was as follows: New recommendations Accepted recommendations9 Non-accepted recommendations Priority % % Critical 0 0 100% 0 N.A Very Important 119 119 100% 010 0% Important 138 138 100% 0 N.A Desirable 1 1 100%. 0 N.A Total 258 258 100% 0 N.A For all accepted recommendations, the auditees drafted action ***plans***, which were submitted to and assessed as satisfactory by the IAS. The implementation of the accepted recommendations made during the period 2012-2016, as assessed by auditees11, as at 31 January 2017 is presented in the 9 Five recommendations were partially accepted in 2016: - One recommendation on DG MOVE's performance framework, rated very important, and addressed to DG MOVE in the audit on the setting of objectives and measurement of performance. However, DG MOVE fully accepted the recommendation after the cut-off date of the report. - One recommendation on monitoring of and reporting on DG DEVCO's performance, rated very important, and two recommendations, both rated important, on the use of organisational indicators and on the introduction of additional indicators to measure internal performance aspects addressed to DG DEVCO in the audit on performance management system. However, DG DEVCO fully accepted the three recommendations after the cut-off date of the report. - One recommendation on the methodology for the calculation of the error rate information reported by the national Audit Authorities of the beneficiary countries for indirect management by beneficiary countries under the instrument of pre-accession, rated very important, and addressed to DG NEAR in the Limited review on the residual error rate methodology and calculation for the 2015 reporting year. This recommendation was not implemented in DG NEAR's 2015 final annual activity report. DG NEAR changed its methodology and implemented the recommendation for 2016. As a rule, the IAS proposes audits in which recommendations are (partially) rejected to the Audit Progress Committee for discussion. This may result in DGs re-considering their position. 10 Compared to the figures presented on page 6 (i.e 118 very important recommendations accepted by the DGs in 2016), the figure of 119 very important recommendations differs slightly, as one recommendation on the quality of the objectives and indicators in the 2016 ***strategic*** and management ***plan***, rated very important, and addressed to DG MOVE in the audit on the setting of objectives and measurement of performance was initially rejected by DG MOVE. Since the release of the final audit report, DG MOVE decided to fully accept all the recommendations included in the final audit report. 11 This table shows the latest rating of the recommendations. This may differ from the rating in the original report if actions subsequently taken by the auditee are deemed sufficient by the IAS to partly mitigate the risks identified and therefore to a downgrading of the recommendation. 6 following table. Recommendations implemented after the cut-off date of 31 January 2017 are not considered. Implemented In progress (by number of months overdue) Year Priority Total # % # % No delay 0 - 6 6 - 12 12+ 2012 Critical 0 0 0% 0 0% 0 0 0 0 Very Important 68 68 100% 0 0% 0 0 0 0 Important 123 118 96% 5 4% 0 1 0 4 Desirable 0 0 0% 0 0% 0 0 0 0 2012 Total 191 186 97% 5 3% 0 1 0 4 2013 Critical 0 0 0% 0 0% 0 0 0 0 Very Important 45 42 93% 3 7% 1 1 0 1 Important 75 64 85% 11 15% 1 0 1 9 Desirable 7 7 100% 0 0% 0 0 0 0 2013 Total 127 113 89% 14 11% 2 1 1 10 2014 Critical 0 0 0% 0 0% 0 0 0 0 Very Important 40 38 95% 2 5% 0 0 0 2 Important 78 65 83% 13 17% 1 2 1 9 Desirable 7 7 100% 0 0% 0 0 0 0 2014 Total 125 110 88% 15 12% 1 2 1 11 IACs recs taken over Critical 0 0 0% 0 0% 0 0 0 0 Very Important 252 239 95% 13 5% 0 1 3 9 Important 593 551 93% 42 7% 1 1 1 39 Desirable 63 63 100% 0 0% 0 0 0 0 IACs Total 908 853 94% 55 6% 1 2 4 48 2015 Critical 1 1 100% 0 0% 0 0 0 0 Very Important 69 32 46% 37 54% 15 19 2 1 Important 129 78 60% 51 40% 20 17 12 2 Desirable 18 17 94% 1 6% 1 0 0 0 2015 Total 217 128 59% 89 41% 36 36 14 3 2016 Critical 0 0 0% 0 0% 0 0 0 0 Very Important 118 3 3% 115 97% 108 7 0 0 Important 138 19 14% 119 86% 109 9 1 0 Desirable 1 0 0% 1 100% 1 0 0 0 2016 Total 257 22 9% 235 91% 218 16 1 0 TOTAL 2012-2016 1825 1412 77% 413 23% 258 58 21 76 Thereof Critical or Very Important 593 423 71% 170 29% 124 28 5 13 Overall, 1 412 or 77% of the total number of accepted recommendations made over the period 2012-2016 are considered by the auditees as implemented, leaving a total of 413 recommendations (or 23%) still in progress. Of these 413 recommendations in progress, none is rated critical, and 170 recommendations (or 7 29% of the total number of accepted critical and very important recommendations) are rated very important. Of the 413 recommendations in progress, 155 are overdue, representing 8.5% of the total number of accepted recommendations, of which 18 very important recommendations are long overdue (for more than 6 months compared to the original due date). Overall, these represent only 0.99% of the total number of accepted recommendations in the period 2012-2016. The total number of recommendations issued during the period 2012-2016 for which a follow-up audit has been conducted amounts to 1 314 compared to 1 412 reported as 'ready for review' by the auditees. Of the total number of recommendations followed up during that period, 1 246 (95%) have been closed by the IAS. This means that on average, the IAS assessed that 5% of recommendations could not be considered as effectively implemented yet, and therefore not closed following the completion of the follow-up audit. Overall, the IAS considers that the state of play regarding the implementation of audit recommendations is satisfactory and comparable to previous reporting periods. It indicates that the Commission services are diligent in implementing the very important recommendations, hence mitigating the risks identified. Nevertheless, and even though there is no recurrent outstanding issue or a specific service concerned, attention has to be paid to the individual recommendations rated very important which are long overdue, i.e more than six months. A dedicated report was established and sent to the Audit Progress Committee, a summary of which is provided in the SWD accompanying this report. 4. SUMMARY OF THE AUDIT WORK 4.1 Conclusions on performance audits In response to the Commission's move towards a performance-based culture and greater focus on value for money, the IAS continued to carry out performance audits12 and audits which include important performance elements (comprehensive audits) in 2016 as part of its 2016-2018 ***strategic*** audit ***plan***. In line with its methodology and best practice, the IAS approached performance in an indirect way, i.e whether and how management have set up control systems intended to assess and provide assurance on the performance (efficiency and effectiveness) of its activities. Through this approach, the IAS aims at ensuring that, in the first instance, DGs and Services have established adequate performance frameworks and performance measurement tools, key indicators and monitoring systems. This results in part from the fact that a large number of legal bases set out objectives that are of a wider scope than the Commission can achieve on its own. This means that SMART objectives and benchmarks have first to be established at Commission level, in order to dissociate, to the extent possible, the Commission's specific contribution from those of other major key players who contribute to the 12 In total, the IAS carried out 43 performance and comprehensive audits. For more details see the SWD. 8 implementation and achievement of EU funds' objectives (Member States, Regions, Third Countries, International Organisations etc.). The following sections set out the conclusions of the IAS on the various performance aspects of its audits carried out in 2016. 4.1.1 Performance of Commission DGs, Services and Executive Agencies: horizontal processes 4.1.1.1 Performance management DGs and Services are faced with a growing pressure on financial and human resources while at the same time they need to demonstrate that they can deliver on their objectives and achieve value for money. In a political context of strong focus on performance, it is essential for DGs to adequately define, manage, monitor and report on the specific objectives which are under their control and can be achieved through their outputs and actions. Several IAS audits focused on performance management and measurement and revealed that significant improvements are still necessary to enhance the maturity of the DGs performance management and measurement mechanisms. This confirms last year's conclusion which emphasised the need to take further steps at both corporate and DG level to improve the quality of objectives and indicators. In 2016, the European Court of Auditors also highlighted deficiencies in performance management and measurement in its annual report and in its special reports13. For many years, the IAS has been formulating recommendations in this area. Important progress has been achieved over the years with, for instance, a number of new initiatives at corporate level. However, the IAS continues to identify significant weaknesses and high risks which illustrates that despite the efforts made, it takes time to develop an effective performance culture and mind-set and to implement efficient and effective performance management throughout the organisation. The 'Common Monitoring and Evaluation Framework' is one of the key elements of DG AGRI's performance measurement for the common ***agricultural*** policy. Significant weaknesses were identified in the setting of objectives, in the set of indicators used and in the collection of data which may impair DG AGRI's ability to monitor, evaluate and report on the performance of the 2014-2020 common ***agricultural*** policy. DG GROW has implemented different performance management tools to monitor its main areas of ***intervention*** and to steer operational performance but the performance management framework has to be further improved to demonstrate how the DG's short-term actions effectively contribute to the achievement of its ***strategic*** objectives and consequently to the high-level Commission priorities. In particular, the description of the overarching ***strategic*** vision is missing and 13 Examples: Annual report of the Court of Auditors on the implementation of the budget concerning the financial year 2015 – Chapter 3 'Getting results from the EU budget'; Special report N° 1/2016: Is the Commission's system for performance measurement in relation to farmers' income well designed and based on sound data?; Special report N° 16/2016: EU education objectives: ***programmes*** aligned but shortcomings in performance measurement. 9 sufficient performance information is not always available or consistently presented in different ***strategic*** ***planning*** and ***programming*** documents. In DG MOVE, similar weaknesses have been observed in the DG's performance management framework. The DG has no overarching ***strategic*** vision describing how the DG organises its ***interventions*** and how short-term outputs will lead to medium and long-term results and impacts and contribute to the achievement of its ***strategic*** objectives. Furthermore, there is no centralised approach to monitoring and reporting on longer-term policy achievements and DG MOVE’s specific objectives are not sufficiently specific and relevant. No formal process was in place to prepare the CEF ***programme*** statements and internal guidance was missing to define the tasks to be performed, the responsibilities and roles of each unit, the timing and workflow, the definition of the indicators with the source of information, the methodology to calculate the indicators and the unit in charge. DG DEVCO has developed a number of performance management tools enabling it to steer operational performance both in headquarters and in the EU delegations. However, DG DEVCO's performance management system to ***plan***, monitor and report on the achievement of its objectives needs to be significantly enhanced to strengthen its effectiveness. There is no systematic monitoring of progress made towards the achievement of objectives and targets set in the management ***plan*** and most of the EU delegations sampled do not monitor the achievement of the objectives set in their management ***plans***. In addition, there is no central guidance on monitoring on the objectives and targets set in the action documents14 and the results of the projects belonging to the same action document are not consolidated to provide information on the achievement of the overall objectives. In terms of reporting, the type of information on DG DEVCO's performance provided by the different ***strategic*** ***planning*** and ***programming***-related reports is limited and does not give an actual assessment of whether objectives have been achieved or not. At the level of ***programmes***, there is no annual reporting on the progress made towards the achievement of the objectives set in the ***programming*** documents, which consolidate the results measured at the level of the projects. The Internal Auditor recognised the efforts made by the DG to further complement its performance management tools with result oriented reporting initiatives. An audit in DG EAC resulted in a positive conclusion and showed that it is possible to implement an effective performance management framework despite the fact that the DG is confronted with a diversity of policy activities and spending ***programmes***. 4.1.1.2 Risk management Risk management is a continuous activity. In general, management performs annually a risk assessment in the context of the ***strategic*** ***planning*** and ***programming*** activities. An audit in DG NEAR on risk management identified significant deficiencies in the design and implementation of this process, affecting 14 Action documents specify the objectives to pursue, the fields of ***intervention*** and the description of the activities to be carried out, the expected results, the ***intervention*** logic (including 'logframe'), the indicators and their target values. 10 its overall effectiveness. In response to these findings, DG NEAR put into place an action ***plan*** to address the significant weaknesses. 4.1.1.3 HR management In the HR area, the IAS assessed for several DGs and Executive Agencies if they have designed and implemented effective HR strategies to deal with challenges resulting from new priorities, changes in staffing levels and reorganisations. In general, the audits concluded that the DGs and Executive Agencies have taken adequate measures to manage the HR challenges to which they are confronted. Nevertheless, in DG ENV improvements are possible as this DG is currently not able to effectively monitor and compare workload within the DG. In REA, the audit revealed significant weaknesses in the selection process for contractual agents, i.e in the checks over the eligibility and the application of the selection criteria, and the completeness of the selection files and in the guidance provided to selection panel members and observers. 4.1.1.4 IT management In the IT area, several IT audits confirmed that there is room for improving the effectiveness of various aspects of IT operations. DG GROW needs to address significant weaknesses related to the DG's IT governance and portfolio management to ensure that it can make a successful organisational transformation and that business and IT are fully aligned. Weaknesses have been observed in the IT strategy and in linking objectives to key performance indicators, in IT risk management, in the communication of key IT developments, in assessing the cost-benefit of IT and in IT portfolio and ***programme*** management in general. In DG JRC, despite some existing good practices, the IAS identified significant weaknesses in IT security which led it to conclude that the controls in place do not provide sufficient assurance that IT security risk is adequately mitigated. There is insufficient management oversight of IT security, JRC does not define security requirements into the design of IT systems, IT security reviews are not performed for all systems and the inventory of IT systems as regards security is incomplete. In DG BUDG, significant weaknesses were observed in the effectiveness of measures taken to handle manual ***interventions*** in ABAC. The IAS observed an extensive use of manual ***interventions*** in the production environment, combined with a relatively high number of privileged users assigned to internal staff and external consultants with unlimited access and rights to perform changes in the production environment as well as weaknesses in controls over privileged user accounts and in preventive controls, which are not sufficiently compensated by adequate detective controls. OP is highly dependent on IT for its core business processes and hence has put a number of controls in place to ensure business continuity in this area. Nevertheless, the IAS identified shortcomings in the physical security of the alternate data centre, recovery time objectives not met for key business processes and a business impact analysis delivering an incomplete picture and misleading results. 11 The audit of the electronic exchange of social security information project in DG EMPL highlighted a number of risks associated to the effective implementation of an IT project. The IAS concluded that the controls in place do not provide sufficient assurance that the remaining high risks associated with such a sensitive and complex project have been fully mitigated. In particular, the first main deliverable (production ready release), required urgent and stricter controls on project objectives, milestones and ownership of tasks. A clear overview of tasks and ownership to address weaknesses identified during the early life of the system is required. DG EMPL had already initiated action ***plans*** to address some of the weaknesses identified, but the IAS stressed the urgency and the need to ensure that these actions are implemented as soon as possible. 4.1.1.5 Other Other IAS audits in the areas of Anti-Fraud activities for traditional own resources, managing and sharing data on agro-environmental-climate issues, better regulation and ex-post audits by the common audit service showed that further steps are necessary to increase the overall performance of these processes. The IAS identified significant weaknesses related to the ***planning***, management and coordination of fraud prevention and detection activities in the traditional own resource area, which may lead to ineffective prevention and detection of fraud. Data management is an essential component of evidence-based policymaking. One of the key areas requiring the effective sharing of data is on agri-environmental-climate issues as these cut across a number of DGs and policy areas. The IAS concluded that although a number of rules and procedures on data management are in place, there are significant weaknesses to ensure an effective and efficient process for managing and sharing agri-environmental-climate data. This is due to the absence of a Commission-wide framework for managing and sharing data and to deficiencies in the way in which agri-environmental-climate data is currently shared and managed between the DGs. In terms of better regulation the IAS found that the Commission has taken significant steps to implement the new better regulation agenda. However, despite these achievements, significant efforts, primarily at the corporate level, are still necessary to bring the better regulation agenda to a fully mature state. The Common Audit Service (CAS) in the Common Support Centre (CSC) needs to make significant efforts to increase the maturity of its internal processes, thus ensuring that it will achieve the objectives of the FP7 ex-post audit strategy, and that it will be prepared for the challenges brought by the H2020 ex-post audit strategy. In particular, the CAS should reduce the average time to close audits and improve the internal processes for ex-post audit ***planning***, monitoring, and reporting. It should also establish SMART objectives, and develop an approach and guidance for fraud detection. Certain weaknesses were identified in the supervision by DG MOVE of aviation and maritime security. This is an area were security events may, ultimately, result in serious reputational consequences for the institution. The IAS concluded that there are significant weaknesses in DG MOVE's current monitoring system due to the lack of a formalised comprehensive monitoring strategy which sets out firstly 12 the degree of assurance DG MOVE should obtain on Member States' compliance with the EU legislation on aviation and maritime security through its monitoring mechanisms, and secondly the scope and coverage of its inspection activities. 4.1.2 Performance in implementing budget operational and administrative appropriations 4.1.2.1 Direct management In the area of directly managed funds, several audits (in DGs HOME, JUST, RTD and in REA) assessed the grant management processes and in each of these audits the IAS identified some issues which can improve the efficiency and effectiveness of these processes. Furthermore, one audit assessed if the Commission uses external contractors working intra-muros in an effective and efficient way and concluded that in the absence of a corporate framework to provide steer and guidance to DGs, the Commission is exposed to significant risks in ensuring an efficient and effective use of intra-muros contractors. At the DG level, more can be done to proactively manage the issue, through for example building in safeguards into the contracts aimed at ensuring value for money. In addition, an audit on the effectiveness of the management of the COSME ***programme*** in EASME revealed deficiencies in the cooperation between EASME and its parent DG. The Agency has had most of the time no robust basis for preparing the COSME related part of its annual work ***programme*** and for ***planning*** its work due to the late contribution by the parent DG and the significant changes in the COSME work ***programme*** during the mid-term review. EASME has not sufficiently assessed the impact of this on the efficient implementation of the delegated actions and has not established an up-to-date ***planning*** document that takes into account all the changes to the delegated actions during the year. 4.1.2.2 Indirect management In the area of indirectly managed funds, several audits focused on the supervision arrangements in place in the DGs and Services and several significant weaknesses were identified which may endanger the achievement of the policy objectives. An audit on the coordination and working arrangements with EU regulatory Agencies and Bodies in DGs HOME and SANTE noted the challenges faced by the Commission partner DGs when dealing with EU decentralised Agencies, including the non-legally binding nature of the 'Common Approach' on EU decentralised Agencies (agreed in July 2012 by the European Parliament, the Council and the Commission) aimed at making the Agencies more coherent, effective and accountable. The audit also noted that the level of supervision that partner DGs can exercise in practice depends on: (1) the limited (in terms of number of votes) decision 'power' of the Commission in the Agencies' Mana

gement Boards; (2) the resources available to the partner DG to supervise the Agencies; (3) the willingness of the Agencies to cooperate with the DG as real partners, given that this type of Agencies are autonomous Union Bodies subject to a separate discharge by the European Parliament and (4) the need for these Agencies to preserve their independence in relation to the Commission, particularly when delivering scientific opinions. Nevertheless, any significant issues arising in the Agencies could have major reputational implications for the Commission. In terms of performance, 13 significant weaknesses were identified in three key parts of the partner DGs' overall strategy towards those Agencies, namely (1) the contribution of the partner DG to the Agencies' ***programming*** and the link between the Agencies' ***programming*** and the DG's own ***programming*** activities; (2) the monitoring by the partner DG of the Agencies' activities and (3) the control strategy of the partner DG to build assurance and report (in the AAR) on the tasks 'entrusted' to its Agencies (such as 'budget implementation tasks' entrusted through 'Delegation Agreements'). An audit on DG ENER's supervision of the ITER project also revealed significant weaknesses affecting the effective supervision of the implementation of the ITER project, as it was not clearly established what the DG15 and Euratom aim to achieve with their supervision activities and how they will assess the effectiveness of these supervision activities. Furthermore, the Commission does not receive all the information that is essential to effectively monitor F4E and use this knowledge in the discussions in the relevant governance bodies of this Agency. 4.1.2.3 Shared management In the area of shared management, the audit on voluntary coupled support in DG AGRI confirmed that the area is very complex and that the legislation provides for a wide range of options for Member States which in turn, results in considerable pressure on the Commission's resources to ensure that voluntary coupled support is properly managed. Significant weaknesses were identified in the management and control systems put in place by DG AGRI for voluntary coupled support, in particular in relation to the monitoring of voluntary coupled support performance with a risk of not meeting the scheme objectives and potentially distorting other ***agricultural*** markets. An audit on the effectiveness of simplification measures under 2014-2020 European structural and investment funds revealed that DGs will need to address certain high risks to ensure a continued focus on results which is a key expectation of the current ***programming*** period. In particular, the risks associated to simplified cost options need to be mitigated and the uptake and impact of simplification measures by Member States is lower than expected. 4.2 IAS limited conclusions on the state of internal control of each DG The IAS issued limited conclusions on the state of internal control to every DG and Service in February 2017. These conclusions contribute to the 2016 annual activity reports of the DGs and Services concerned. They draw on the audit work carried out in the last three years and cover all open recommendations issued by the IAS and former Internal Audit Capabilities (insofar as the IAS has taken them over). In addition, the conclusions draw particular attention to all open recommendations rated critical or the combined effect of a number of recommendations rated very important as they may require the issuance of a reservation in the annual activity report of the DG/Service concerned. The IAS conclusion on the state of internal 15 The responsibility for supervising the ITER project, on behalf of Euratom, was attributed on 1 July 2015 to DG ENER following a transfer of the file from DG RTD. 14 control is limited to the management and control systems which were subject to an audit and does not cover those which had not been audited by the IAS or the IAC in the past three years. Particular attention, which led to reservations in the annual activity report of the DG concerned, was drawn in the limited conclusions to: - DG CLIMA with regard to the delay observed in the implementation of one very important IT security related recommendation (on the management of the security of the EU ETS IT system), which exposes the DG to the risk of security breaches; - DG DEVCO with regard to the combined effect of three open very important recommendations issued in the context of the audit on the management of the African Peace Facility. 4.3 Overall opinion on the Commission's financial management As required by its Mission Charter, the IAS issues an annual Overall Opinion on the Commission's financial management. It is based on the audit work in the area of financial management in the Commission carried out by both the IAS and the former Internal Audit Capabilities during the previous three years (2014-2016). It also takes into account information from other sources, namely the reports from the European Court of Auditors. The Overall Opinion is issued in parallel to this report and covers the same financial year. As in the previous editions, the 2016 Overall Opinion is qualified with regard to the reservations made in the Authorising Officers' by Delegation Declarations of Assurance. In arriving at this opinion, the IAS considered the combined impact of amounts estimated to be at risk as disclosed in the annual activity reports and in the light of the corrective capacity as evidenced by financial corrections and recoveries of the past as well as by estimates of future corrections and amounts at risk at closure. Given the magnitude of financial corrections and recoveries of the past and assuming that corrections in future years will be made at a comparable level, the EU Budget is adequately protected as a whole (not necessarily individual policy areas) and over time (sometimes several years later). Without further qualifying the opinion, the internal auditor added one 'emphasis of matter' which relates to the: - supervision strategies regarding third parties implementing policies and ***programmes*** Although it remains fully responsible for ensuring the legality and regularity of expenditure and sound financial management (and also the achievement of policy objectives), the Commission is increasingly relying on third parties to implement its ***programmes***. This is mostly done by delegating the implementation of the EC operational budget (under indirect management mode) or certain tasks to third countries or international organisations, to National Agencies, Joint Undertakings, non-EU bodies and EU Decentralised Agencies. Moreover, in some policy areas, greater use is made of financial instruments under the 2014-2020 MFF or third parties/non-EU bodies (e.g national authorities or private investors) funds. Such 15 instruments and alternative funding mechanisms entail specific challenges and risks for the Commission, as highlighted by the ECA. To fulfil their overall responsibilities, the operational DGs have to oversee the implementation of the ***programmes*** and policies and provide guidance and assistance where needed. The DGs therefore have to define and implement adequate, effective and efficient supervision/monitoring/reporting activities to ensure that the delegated entities and other partners effectively implement the ***programmes***, adequately protect the financial interests of the EU, comply with the delegation agreement, when applicable, and that any potential issues are addressed as soon as possible. The IAS recommended in a number of audits that certain DGs' control and supervisory strategies should set out more clearly their priorities and needs as regards obtaining assurance on sound financial management in those EU and non-EU bodies. In particular, the control strategies did not sufficiently take into account the different risks involved in entrusting tasks to the delegated entities and independent sources were not effectively used to build up the assurance. These DGs should undertake more effective and efficient supervisory activities. Furthermore, the objectives of the supervisory/monitoring/reporting activities and how to assess their effectiveness were not sufficiently clear and the supervisory controls were limited in practice. The IAS notes the recent initiative undertaken by the central services to develop specific guidance to the partner DGs on relations with their decentralised agencies, which covers, among other things, monitoring ***programming***, performance and budgetary issues. 5. CONSULTATION WITH THE COMMISSION'S FINANCIAL IRREGULARITIES PANEL No systemic problems were reported in 2016 by the financial irregularities panel under Article 73(6)16 of the FR. 16 Art. 117, RAP stipulates: 'That annual report shall also mention any systemic problems detected by the specialised panel set up pursuant to Article 73(6) of the Financial Regulation. 16 6. CONCLUSIONS The implementation of action ***plans*** drawn up in response to IAS audits this year and in the past contributes to the steady improvement of the Commission’s internal control framework. The IAS will conduct follow-up audits on the execution of action ***plans*** that will be examined by the Audit Progress Committee, which will inform the College as appropriate. The IAS will continue to focus on financial, compliance, IT and performance audits. 17 7. LIST OF ACRONYMS Acronym Description AAR Annual Activity Report ABAC Accrual Based Accounting APC Audit Progress Committee CAS Common Audit Service CEF Connecting Europe Facility COSME Competitiveness of Enterprises and Small and Medium-sized Enterprises CSC Common Support Centre DGs Directorates-General EASME Executive Agency for Small and Medium-sized Enterprises ECA European Court of Auditors F4E Fusion for Energy FP7 Seventh Framework ***Programme*** for Research and Technological Development FR Financial Regulation IAC Internal Audit Capability IAS Internal Audit Service ITER International Thermonuclear Experimental Reactor SG Secretariat-General SMART Specific, Measurable, Achievable, Relevant, Time-Bound SWD Staff Working Document

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[***Regional policy mixes for enterprise and innovation: A fuzzy-set clustering approach***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:6BGY-HK51-JBMY-H3RH-00000-00&context=1516831)

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**ABSTRACT**

The paper identifies different regional policy mixes, ranging from the more minimal to the more proactive or entrepreneurial and verifies their diffusion in the Italian regional enterprise and innovation policies. The empirical analysis is based on an original database containing every enterprise and innovation ***programme*** that has been implemented in Italy from 2007 to 2013, and is carried out by means of fuzzy-set clustering techniques. The results show the existence of remarkable heterogeneity, partly reflecting the well-known North-South divide, with some regions adopting minimal policy mixes and other regions adopting different types of proactive mixes.

**FULL TEXT**

**Introduction**

The recent years have witnessed a revival of public debate on industrial policy (Mazzucato, 2013; Stiglitz and Lin, 2013); an issue that has always opposed the supporters of the minimal state to the advocates of a proactive ***intervention*** (Chang, 2002; Pack and Saggi, 2006; Peck et al., 2012; Weiss, 1998). However, even assuming that industrial policy is useful to promote private investments and innovation, another matter of debate is *what* policies should be adopted in the presence of scarce resources.

Different schools of thought can provide different answers to this problem (Laranja et al., 2008), and these theoretical rationales can have an influence on public decision makers. However, policymakers’ choices in the field of enterprise and innovation policy often depend on a large number of interplaying factors, which are at least as relevant as theoretical rationales (Laranja et al., 2008; Majone, 1989). These factors may include: the legal and institutional framework; the type and role of economic and electoral coalitions and the public opinion; the political belief of policymakers; the vision of development the latter have in mind for the territory they govern and their knowledge of its actual potential; the legacy of past policies and the influence of policy models adopted elsewhere; the structure of the economy and its level of innovativeness (Bressers and O’Toole, 1998; Campbell, 1998; Jones, 2001; McCann and Ward, 2013; Painter, 2005). Choices might also be influenced by the quality of government (Rodríguez-Pose and Garcilazo, 2015). Moreover, it should be borne in mind that policies may emerge from multi-actor, multi-level decision contexts (Flanagan et al., 2011; Howlett and del Rio, 2015; Lanahan and Feldman, 2015; Laranja et al., 2008; Magro and Wilson, 2013; Matti et al., 2016).

The results of this complex decision making have been investigated by a literature that has paid attention to the process of policy instrument choice and on the resulting policy mixes (Flanagan et al., 2011; Howlett, 1991, 2004). While much of this literature has focussed on national policymakers, Laranja et al. (2008) define a number of ideal-typical regional policy mixes that can be consistent with different theoretical approaches to innovation.

Drawing on this contribution, as well as on the policy instrument choice and the regional policy literatures, we put forward a novel empirical application of the concept of regional policy mix.1 We refer to the policy mix as a combination of policy objectives, instruments (Branscomb and Florida, 1998; Flanagan et al., 2011) and operationalisation modes (Laranja et al., 2008; Linder and Peters, 1989). We apply this definition of policy mix to the systematic analysis of the enterprise and innovation policies of Italian regions, and shed light upon their heterogeneity.

The operationalisation of theoretical concepts requires some simplifications and the adoption of some degree of pragmatism. Indeed, as shown by Laranja et al. (2008), even if the theoretical approaches may offer concrete indications regarding policy, a one to one correspondence between instruments and theories hardly exists. For example, the use of firm subsidies may be compatible with more than one approach, although each of these may have its specific reason for providing the subsidy. However, the knowledge of the objectives of the ***programme*** that provides the subsidy can help interpretation. In addition, knowledge of operationalisation modes such as targeting, eligibility or selection criteria may further improve the understanding of how the instruments pursue their objectives in practice (Chiang, 1998; Eickelpasch and Fritsch, 2005; Nauwelaers and Wintjes, 2003). Drawing on this information, we are able to identify a policy mix that can be consistent with a minimal approach to industrial policy, and a policy mix that mirrors a more proactive or entrepreneurial attitude of the policymaker. Within each of the two opposing policy-mixes recalled above, we are also able to identify further internal varieties. As many existing mixes are the result of a collective process that develops over time and ‘are developed without any sense of an overall conscious design’ (Howlett and del Rio, 2015: 1235), we will interpret them as *emergent* policy strategies (Jørgensen and Mintzberg, 1987).

In our empirical analysis, all Italian regional policies for enterprises and innovation that have taken place from 2007 to 2013 are scrutinised, extracting from each ***programme*** call selected information about the objectives, the instruments and the operationalisation modes, as well as the amount of money allocated to the ***programme*** itself. Given that the policies of the Italian regions strongly rely on the availability of European Union (EU) funds, it makes sense to consider the time schedule of these funds (Brancati, 2015). Although the use of such funds from the European regions requires compliance with a number of priorities and guidelines defined at the EU level, the regions still have some discretion in setting specific objectives and forms of ***intervention***. Since the Italian constitutional reforms implemented in 2001 (Constitutional Law n. 3/2001), the Italian regions are responsible in the area of enterprise and innovation policy, but devolution has not implied a complete retreat of the national government. Therefore, we also consider the presence of higher level policymakers (Flanagan et al., 2011).

A fuzzy-set cluster analysis technique is used in order to identify different policy mixes in the data and to assess to which extent regions are attributable to these mixes. In real-world policymaking, it is hard to imagine policy mixes that exactly conform to the ‘minimal’ or ‘proactive’ type, as sticking to these labels is unlikely a concern of decision makers. The reality is, of course, much more nuanced. Therefore, the use of fuzzy-set clustering is particularly appropriate for this kind of analysis, as this statistical technique allows units (regions) to belong to several clusters at the same time but with different degrees of membership.

The article proceeds as follows. The next section outlines the main theoretical foundations of industrial policies and seeks to define some simple models of ***intervention*** that can be implemented at the regional level. Then, we set the scene for the empirical analysis by briefly outlining the institutional framework of Italian regional and national industrial policy. The following sections present the data collected, describe the variables and the fuzzy-set clustering methodology applied to these variables. Finally, we report the results of the empirical analysis and discuss them in the two concluding sections of the article.

**Theoretical rationales and empirical regional policy mixes**

The traditional approach to industrial policy, as sketched out in Pigou (1912), and further elaborated from Samuelson (1947) onwards, derives from the understanding that market failures generate a level of private investment that is systematically lower than the socially desirable one, and thus, a sub-optimal equilibrium that could be improved by well-designed public ***interventions***. However, when this kind of thinking combines with the typically neo-liberal confidence in the self-regulating ability of the market (forming an ‘unholy’ alliance, Chang, 2002), the main suggestion is to avoid market distortions and refrain from public ***intervention***, as any attempt to remedy market failures is potentially subject to government failures that may inhibit any welfare improvement (Haapanen et al., 2014; Pack and Saggi, 2006). This approach, which has shaped real-world industrial policies around the globe, basically relies on a-spatial policy tools that can be used indifferently whatever the level of government. Therefore, no specificity of regional policy is envisioned.2

An alternative set of popular approaches to industrial policy is motivated by the evolutionary and system-based thinking, which highlight the presence of systemic failures, or the need of systemic change, to justify policy ***intervention*** (Metcalfe, 1994; Peneder, 2016; Woolthuis et al., 2005). These approaches maintain that the role of the policymaker is that of providing opportunities for learning and technological change, also through the support to innovation systems. This main goal can be achieved by facilitating the openness to change and variety with the promotion of R&D and technology transfer activities, the achievement of a well-functioning selection environment that allows the identification of the most promising projects and relationships among system agents, and the accumulation of knowledge and capabilities (Dosi et al., 1988; Nelson and Winter, 1982). The various territorial innovation models (e.g., clusters, industrial districts and regional innovation systems) that rest on evolutionary grounds envisage a specific role for a regional level of government that is able to understand and to act upon the specific evolutionary mechanisms of variety, selection and retention that are embedded in the local context (Coenen et al., 2016; Lambooy and Boschma, 2001; Uyarra, 2010). This regional policymaker should play a role that extends far beyond the mere correction of market failures. Her attitude, which resembles that of the developmental state (Johnson, 1982) or the entrepreneurial or innovative state (Mazzucato, 2013), results into a proactive role in order to encourage growth-enhancing innovations and of the attempt to engage in a process of mutual learning with the private sector (Morgan, 2016; Rodrik, 2004) or, in the words of Foray (2015), in a process of entrepreneurial discovery.

Drawing on the previously cited streams of literature, the two extreme models of the minimal and the proactive regional government can be contrasted. In the former case, characterised by a neo-liberal flavour, the policymaker seeks to intervene in such a way as not to alter the regional economic structure and the existing system of relationships among local agents. She could privilege the use of (apparently) neutral tools such as horizontal and generic incentives delivered to single firms in an automatic or semi-automatic way, rather than on selective ones, which would imply a choice about which projects and which companies deserve support. This policymaker is not particularly willing to introduce specific targets, be they sectoral, technological or territorial, in the belief that firms, the best and brightest ones in particular, know what to do better than she does. This type of industrial policy may possibly be complemented by forms of social protection in declining industries and areas.

In the latter case, that of the proactive policymaker of evolutionary and systemic kind, the main objective is to promote structural change, help firms break the possible lock-ins in which they are trapped, and influence the direction of regional development. To do this, she could prioritise the generation of new varieties of knowledge and competencies in the local system by focussing on the support to R&D and on the diffusion of technologies that may offer the greatest opportunities for development or that ***produce*** interesting externalities (e.g., key enabling technologies (KETs)) (Lambooy and Boschma, 2001; Laranja et al., 2008). In addition, she could support the creation of intermediaries performing knowledge brokerage functions (Howells, 2006) to promote the diffusion of new knowledge in firms (Laranja et al., 2008). This policymaker could engage in a structured collaboration with the private sector to identify the most promising projects and relationships on which to concentrate efforts and extract information that could be valuable for adjustments or for the design of subsequent policies (Eickelpasch and Fritsch, 2005). The more the policymaker is sensitive to systemic issues, the more she will try to intervene on collaborations, which form the backbone of a system, rather than on individual companies (Cooke et al., 2004, OECD, 2011).

Remaining on the side of the relatively proactive policymakers, there are other ***intervention*** models that should not being forgotten, which are inspired by the more traditional logic of growth poles (Boudeville, 1966; Perroux, 1955). The basic policy idea connected to growth poles is that the settlement in a region of a firm belonging to a propulsive industry can trigger localised growth by self-reinforcing mechanisms transmitted through backward and forward linkages. This strategy was used in many European countries during the 20th century in the attempt to boost growth in depressed areas (Parr, 1999). To the extent that these policies have been the object of (partial or total) devolution to the regional governments – as, for example, has happened in Italy (Florio, 1996) – they can be considered as part of the toolbox of a proactive (although non-evolutionary) regional policymaker.

These ideal-typical policy mixes will be used in the following sections in order to uncover the heterogeneity that lies behind the generic label of regional policy.

The investigation of the reasons for such heterogeneity would require a specific analysis that goes beyond the scope of this article. However, after having uncovered the different policy mixes, we will advance some suggestions on some of these reasons, with no claim of completeness. We will focus on two of the various aspects we mentioned in the introduction, which can have an influence on policymakers’ choices: the quality of government and the level of regional innovativeness. For both aspects, proxies are available in the literature, which may be introduced in the empirical analysis. We will do so in order to understand, in a descriptive fashion, whether more proactive policy mixes are found in regions with high quality of government and high level of innovativeness, and vice versa. There are reasons to believe that governments with a low level of effectiveness and accountability and a high level of corruption do not put a great deal of effort in generating quality institutions, such as rules to promote entrepreneurship and innovation, and public goods (Adsera et al., 2003; Giddens, 1991; North, 1990; Rodríguez-Pose and Garcilazo, 2015).3 Therefore, low-quality governments could refrain from designing specific, strategies that pursue structural change. They could rather take a less proactive and more inclusive approach of indiscriminate incentivisation that is likely to maintain the status quo and existing rent-seeking positions, while higher quality governments could take a more proactive and priority-oriented approach. Moreover, policymakers operating in less innovative areas could adopt less proactive policy mixes to respond to a low demand for innovation support from regional firms, while the opposite could happen in more innovative regions (Morgan, 2007; Oughton et al., 2002).

**The Italian institutional context**

Since the beginning of the 2000s, the scenario of Italian industrial policies has become more complex than it used to be. In order to understand its current features, this section briefly explains the interplay of national and regional competencies in the field of industrial policy and the ***programming*** documents that allocate funds to industrial ***programmes***.

The history of Italian industrial policies has been characterised by the presence of state ***interventions*** in ***strategic*** industries and by a vision of regional policies as tables at which large projects of local development with Perrouxian flavour were negotiated between the national government and the large industrial players available to locate their plants in the lagging-behind South (Florio, 1996; Grabas, 2014). Following the crisis of national champions, national industrial policy went through a liberal phase in the 1980s and 1990s that has seen the widespread use of a horizontal and rather indiscriminate subsidisation of firms (Rolfo and Calabrese, 2003) as well as, on the side of regional policy, the decline of a top-down approach in favour of an alternative one that recognises local governments and intermediate bodies in lagging-behind regions the right to have a stake in the process (Polverari, 2013).

With the new millennium, Italian industrial policies are being affected by two major changes. The first is the emphasis that is generally put back, at least from the early 2000s, on R&D and innovation as a result of the cultural influence of system-based thinking on policymakers (Nauwelaers and Wintjes, 2003).

Second, since the constitutional reform of 2001, all Italian regions have gained a prominent role in the design and the implementation of enterprise and innovation policies, moving from the role of policy-takers to the role of policy-shapers. The reform has introduced an institutional framework where the state has a limited number of exclusive competencies and the regions have general or ‘residual’ ones. According to a concurrent-powers frame, state and regions share a broad number of competencies under the principle of the vertical subsidiarity. For this reason, Italy currently has a series of industrial policies that are designed and implemented by the Italian regions, as well as some ***programmes*** of national relevance that are managed by the national government and that can be either nationwide in their scope or targeted to specific lagging-behind areas.

Since the regional legislative autonomy has not been accompanied by financial autonomy, the Italian regions are strongly dependent on transfers from the central government, and these transfers have been anything but growing in the last few years. As a result, a major part of today’s regional policies in Italy is funded through EU structural funds. In addition to such funds, regional policies are financed through the national fund for underutilised areas (FAS) and through other national resources added to structural funds.4

A number of ***programming*** tools seek to ensure consistency between national and regional policies. With regard to the ***programming*** of EU funds, the National ***Strategic*** Reference Framework (QSN) – developed by the state and the regions – identifies a set of priorities over several years, as well as the funds (structural funds and other financial instruments) that are needed to implement such strategies. The strategy set out in the QSN is implemented through the National Operational ***Programmes*** (PONs), the Regional Operational ***Programmes*** (ROPs), the Interregional Operational ***Programmes*** and the European territorial cooperation. Some ***programmes*** are devoted to convergence regions only (Apulia, Calabria, Campania and Sicily).

We will consider the ***programmes*** that refer to convergence regions later. As for the other national policies, in recent years the government has chosen a rather proactive type of ***intervention*** that supports private R&D and technology transfer activities and promotes the diffusion of KETs (Mariani et al., 2013; Ministero dello sviluppo economico, 2012). The main policies that have shaped this type of ***intervention*** are Industry 2015 (now dismissed), and Smart Cities and Communities and Social Innovation, with a total of four ***interventions*** that have absorbed nearly one-third of the total resources activated in the period under review. However, there are also ***interventions*** aimed at supporting generic forms of investment that still have a considerable weight (e.g., the Central Guarantee Fund).

**Data**

In order to analyse the choices made by the Italian regional policymakers in the area of enterprise and innovation, we have collected information on all the ***interventions*** they have implemented under the ROPs co-financed by the ERDF and, in minor part, the Regional Implementation ***Programmes*** funded by the FAS.5 For the analysis of the four convergence objective regions, we have also considered the national ***interventions*** implemented as part of the National Operational ***Programme*** Research and Competitiveness and of the Interregional Operational ***Programme*** Renewable Energy and Energy Efficiency.

We have considered the ***interventions*** actually implemented by the Italian regions over the period 2007–2013, and not those merely ***planned***. The amount of resources devoted to implemented policies may differ both from that of the ***planned*** resources (which, for example, may never be fully activated) and from the amount actually paid to final beneficiaries of the ***interventions*** themselves (for example, some of the resources could not be delivered because of a low number of requests from potential beneficiaries, revocation or renounces). Therefore, the financial measure on which we will focus in order to weigh the different ***interventions*** is represented by the resources made available through the calls for tenders published by the end of October 2014.

A single database of all these policies does not exist.6 For this reason, we had to create one from the information gathered on the calls for tender periodically published on the official bulletins of individual Italian regions and the central State, where public administrations must publish their calls.7 From the call for tenders, we extracted information about policy goals, instruments and operationalisation modes such as final beneficiaries, eligibility conditions or technology targets. This information must be reported by law in all ***programme*** calls. After creating the database of policies, we constructed a number of classification variables (see the next section) on the basis of the discussion presented in the initial section of the article.

**Classification variables and methodology**

In order to highlight the presence of different policy mixes, each characterised by a particular combination of the observed policies, it can be appropriate to perform a cluster analysis.

The six variables we define to identify the different policy mixes through the cluster analysis are presented in Table 1 together with some descriptive statistics. The choice of variables is driven by the literature on enterprise and innovation policies, particularly at the regional level. Such choice is inevitably constrained by the relatively limited information contained in the ***programme*** calls. However, these are the only data sources that guarantee inter-regional comparability. The variables refer to the different aspects of the policy mix, and, in particular: policy goals (support of R&D vs. generic capital investments), instruments (creation of intermediaries; set up of complex, multi-agent local development projects) and operationalisation modes (the ***intervention*** targets individual firms or collaborations; it targets-specific technologies; funds are granted after expert evaluation).8Table 1.Classification variables.

| **Variable** | **Description** | **Obs** | **Mean** | **Std. Dev.** | **Min** | **Max** |
| --- | --- | --- | --- | --- | --- | --- |
| R&D supports | Pct of funds devoted to R&D support | 20 | 50.1 | 24.4 | 11.9 | 94.8 |
| Intermediaries | Pct of funds devoted to the creation of intermediaries | 20 | 9.4 | 12.4 | 0.0 | 33.9 |
| Local development | Pct of funds to large-scale, usually negotiated, projects of local development other than university-industry | 20 | 9.6 | 16.6 | 0.0 | 53.3 |
| Collaboration | Pct of funds devoted to support university-industry collaborations | 20 | 27.0 | 18.4 | 0.0 | 69.2 |
| Targeting | Pct of funds granted to projects adopting technology targets | 20 | 13.5 | 11.3 | 0.0 | 34.8 |
| Selectivity | Pct of funds deliverable after project evaluation by experts | 20 | 72.9 | 20.1 | 20.1 | 100.0 |

The first variable is the ratio of funds devoted to R&D support to the total amount of funds devoted to enterprise and innovation policies (*R&D support*). This variable shows to what extent regional governments focus on structural change and regional renewal through the promotion of R&D-related activities, be they targeting individual firms or collaborations. A low value of this variable is to be found in regions that mostly offer incentives for the implementation of generic investment projects, whatever their level of innovativeness.

The two following variables refer to policy instruments. The variable *intermediaries* reports the percentage of funds allocated to ***interventions*** supporting the creation of intermediaries. These organisations can have different nature (e.g., technology centres, technopoles, innovation centres) and status (private, public or mixed), but their common trait is the fact that they offer knowledge-intensive services that can help firms adapt their cognitive capacity and overcome some major lock-ins. The support to the activities of intermediaries is compatible with an evolutionary approach to innovation, as these organisations are supposed to enhance firms’ cognitive capacity (Caloffi and Mariani, 2011; Klerkx and Leeuwis, 2009; Laranja et al., 2008).

The *local development* variable provides information on how much regional policymakers invest in large-scale, and usually negotiated, local development projects. Most of these projects are inspired by a traditional growth-pole philosophy (Florio, 1996), and target large firms that the regional government tries to attract or retain. More recent versions envisage more complex local development packages targeting large firms with their smaller subcontractors.

The three following variables consider operationalisation modes. The first one measures the percentage of funds allocated to ***interventions*** aimed at supporting university-industry and industrial collaborations (*collaboration*). A higher value of this variable may indicate the presence of policymakers adopting a systemic approach to industrial and innovation policy (Laranja et al., 2008). Indeed, this policymaker does not consider the individual companies as the unit of ***interventions***, but she targets dyads or more complex agglomerations of relationships among different organisations, be they geographically close or not. Collaborations can be encouraged for R&D and innovation (thus interweaving with the first variable), as well as for other industrial goals including the promotion of *filières.*9 In recent years, this kind of approach has been strongly encouraged by the EU. However, it is interesting to understand how strongly, and heterogeneously, the systemic goal has been pursued by governments.

The second operationalisation variable measures the percentage of funds allocated to ***interventions*** targeting ***strategic*** technology fields (*targeting*). Especially in recent years, the EU has repeatedly emphasised the importance of promoting key KETs in order to facilitate the generation of technological externalities that can benefit various sectors of the economy (European Commission, 2012). A high incidence of this type of variable suggests the presence of policymakers using the lever of the ***strategic*** targeting to generate and disseminate high technological opportunity conditions, particularly in those areas where private incentives to invest are relatively low (Bresnahan and Trajtenberg, 1995). When these ***interventions*** are aimed at promoting the adoption or the application of KETs to more traditional sectors, the policymakers try to help firms break the lock-ins that can affect them, and encourage processes of reorientation of these sectors.

Finally, the *selectivity* operationalisation variable refers to the evaluation mode of projects submitted for funding. It refers to the percentage of funds delivered after project evaluation by a commission of experts or, much less frequently, after having engaged in negotiation procedures involving the beneficiary and the regional government (versus the situation where funds are automatically, or semi-automatically, granted to applicant firms). This variable reveals that the regional government is trying to extract information from the private sector (e.g., on innovative projects, on promising technological fields and their possible industrial applications or on promising markets) that can then be used not only to select the best projects among the applicants, but also to fine-tune the design of subsequent policies and, possibly, to inform the choice of future policy targets (Eickelpasch and Fritsch, 2005). When this information is entered into a policy cycle, there may be a case of ***strategic*** interaction between policymakers and private agents in the sense stated by Rodrik (2004).

When performing a cluster analysis, there are some important methodological choices to make regarding: (i) the most appropriate way to aggregate the observations within a certain number of groups; (ii) the metric to use in order to measure the similarity/dissimilarity (i.e., the distance) between observations and between groups and (iii) the number of groups that it is desirable and appropriate to obtain (Kaufman and Rousseeuw, 1990).

Since clusters are just subsets of a same dataset, clustering methods can be classified according to whether the subsets are fuzzy or crisp (hard). All the most popular methods for cluster analysis perform crisp clustering, which assign units only to one cluster so that all subsets are mutually exclusive. It is easy to figure out situations where the boundaries between several clusters are not clear-cut and the crisp assignment of a unit to a given class represents a bit of a stretch.10 Under these circumstances, fuzzy clustering can represent an interesting alternative, since it allows the units to belong to several clusters at the same time but with different degrees of membership (Dunn, 1974).11

Analytical fuzzy-clustering algorithms are non-hierarchical and are often based on the optimisation of a *c*-means objective function (Bezdek, 1981). As usual with non-hierarchical approaches, a particular number of clusters *K* (with *K* > 1) has to be assumed. Then, let *N* denote a set of *p*-dimensional data points (the 20 Italian regions described by *p* = 6 classification variables), let *f* > 1 be the desired degree of fuzzification (conventionally set at 2 for the reasons explained in Pal and Bezdek, 1995) and *ck* the centroid of the *k*th cluster. The membership value of unit *x*i (*i* = 1,…, *N*) in cluster *j* (*j* = 1,…, *K*) is the quantity of primary interest. It is given by (1)mij=(∑k=1 K(dijdik)2f-1)-1 where the numerator is the distance between the unit *x*i and the centroid of cluster *j*, i.e., *dij* = || *xi* – *cj* ||, while the denominator represents the distance between the unit *x*i and the centroid of every possible cluster, i.e., *dik* = || *xi* – *ck* ||. Note that ∑*j mij* = 1 and that the metric chosen to measure the distance between observations is the squared Euclidean norm.

For the calculation of *mij*, centroids are initially selected at random, then equation (1) is computed for every *j* and each unit is assigned to the cluster with higher membership. Then, the centroids for each one of the previous crisp clusters are identified, and equation (1) is computed again using these new centroids. This procedure is repeated until centroids are stable.

The most critical decision regards the choice of an appropriate number of clusters. Given the limited number of observations under scrutiny here, it is sensible to hope for a relatively limited number of groups that highlight some general mixes of enterprise and innovation policy, but this number should not be too low. The methodological literature proposes for this evaluation a number of cluster validity indexes (Bezdek, 1981; Kaufman and Rousseeuw, 1990; Xie and Beni, 1991), based on which *K =*2 and *K =*4 come out to be the first-best and the second-best solution, respectively, in this application.12

**Regional policy mixes in Italy**

In order to appreciate the results of our analysis, it can be useful to examine the cluster centroids reported in Table 2. Centroids are artificial values that are not observed in the original data. Notwithstanding, their combination in each cluster reveals what characterises each policy mix. Table 2.Cluster centroids.

| **K** | **Cluster id** | **R&D** | **Intermediaries** | **Local development** | **Collaboration** | **Targeting** | **Selectivity** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| K = 2 | 1 | 29.61 | 4.72 | 18.81 | 15.69 | 5.94 | 59.66 |
| 2 | 66.73 | 12.32 | 1.99 | 36.16 | 20.00 | 83.43 |  |
|  |  |  |  |  |  |  |  |
| K = 4 | 1 | 30.21 | 3.92 | 11.03 | 14.27 | 4.60 | 50.26 |
| 2 | 19.35 | 0.94 | 48.72 | 11.72 | 5.72 | 82.26 |  |
| 3 | 87.21 | 6.82 | 0.27 | 60.01 | 19.34 | 92.71 |  |
| 4 | 60.79 | 13.75 | 1.62 | 29.17 | 19.86 | 80.46 |  |

In the presence of two clusters (*K* = 2), two ideal mixes can be clearly identified that differ in terms of proactivity. The first mix puts a lower emphasis on innovation and technology targeting. Individual firms are the main unit of ***intervention***, and very little effort is put in supporting intermediaries. The recourse to selective allocation procedures based on project evaluation is relatively limited. On the other hand, the main signal of proactivity coming from these policymakers is their propensity to engage in usually negotiated, large-scale local development projects inspired by the traditional approach of the growth poles.

From Table 3, where regions are attributed to clusters according to their highest mij K=2 and (fourth column), one can easily notice that this minimal mix is mostly met in Southern Italy. The second policy mix, instead, leans much more towards innovation, the creation of intermediaries, the promotion of collaboration, technology targeting and selectivity, but much less towards large-scale local development projects. This mix, which is proactive in an evolutionary and systemic sense, is rather common in Northern Italian regions. Table 3.Degrees of membership with *K* = 2 and *K* = 4.

|  | **K = 2** | **K = 4** |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Region** | **mi1** | **mi2** | **Closest crisp cluster** | **mi1** | **mi2** | **mi3** | **mi4** | **Closest crisp cluster** |
| Abruzzo | 0.65 | 0.35 | 1 | 0.46 | 0.13 | 0.09 | 0.32 | 1 |
| Aosta Valley | 0.10 | 0.90 | 2 | 0.08 | 0.05 | 0.39 | 0.48 | 4 |
| Apulia | 0.74 | 0.26 | 1 | 0.04 | 0.92 | 0.01 | 0.03 | 2 |
| Basilicata | 0.78 | 0.22 | 1 | 0.65 | 0.15 | 0.07 | 0.13 | 1 |
| Calabria | 0.81 | 0.19 | 1 | 0.41 | 0.21 | 0.07 | 0.31 | 1 |
| Campania | 0.76 | 0.24 | 1 | 0.02 | 0.96 | 0.01 | 0.01 | 2 |
| Emilia-Romagna | 0.18 | 0.82 | 2 | 0.11 | 0.06 | 0.14 | 0.69 | 4 |
| Friuli-Venezia Giulia | 0.17 | 0.83 | 2 | 0.02 | 0.02 | 0.88 | 0.08 | 3 |
| Lazio | 0.79 | 0.21 | 1 | 0.62 | 0.09 | 0.05 | 0.24 | 1 |
| Liguria | 0.13 | 0.87 | 2 | 0.10 | 0.06 | 0.22 | 0.62 | 4 |
| Lombardy | 0.20 | 0.80 | 2 | 0.03 | 0.02 | 0.86 | 0.09 | 3 |
| Marche | 0.07 | 0.93 | 2 | 0.03 | 0.01 | 0.04 | 0.92 | 4 |
| Molise | 0.94 | 0.06 | 1 | 0.97 | 0.02 | 0.00 | 0.01 | 1 |
| Piedmont | 0.13 | 0.87 | 2 | 0.09 | 0.06 | 0.18 | 0.67 | 4 |
| Sardinia | 0.91 | 0.09 | 1 | 0.70 | 0.19 | 0.03 | 0.08 | 1 |
| Sicily | 0.83 | 0.17 | 1 | 0.58 | 0.18 | 0.07 | 0.17 | 1 |
| Trento | 0.22 | 0.78 | 2 | 0.12 | 0.10 | 0.17 | 0.61 | 4 |
| Tuscany | 0.02 | 0.98 | 2 | 0.05 | 0.03 | 0.14 | 0.78 | 4 |
| Umbria | 0.20 | 0.80 | 2 | 0.08 | 0.04 | 0.06 | 0.82 | 4 |
| Veneto | 0.38 | 0.62 | 2 | 0.29 | 0.08 | 0.15 | 0.48 | 4 |

When fuzziness is taken into account, regions exhibit different degrees of membership in each cluster: while most of them tend to polarise into the two policy mixes described so far, others exhibit intermediate mixes (Table 3, columns 2 and 3). For example, Molise or Sardinia’s membership in the less proactive cluster is more than 90%, while Abruzzo’s is just 65%. This means that Abruzzo does not represent as well as Molise or Sardinia the policy mix described using the centroids of the first cluster and that, in several respects, its own policy mix is halfway between the minimal and the proactive, although closer to the former. Following a similar line of reasoning, the policy mix characterising the more proactive regions is very well embodied by Tuscany (98%) or Marche (93%), but much less by Veneto (62%), whose mix is halfway between the proactive and the minimal.

With *K* = 4, each of the two large clusters already identified is divided into two parts. According to the new centroids reported in Table 2, there are now two different policy mixes for each level of government proactivity and, as shown in Table 3 (columns 5, 6, 7 and 8), a membership graduation for each of these.

The relatively minimal policy mix met in Southern Italy can be now divided into two-specific sub-mixes. Both have in common a limited practice of technology targeting and a limited attention towards the creation of intermediaries and the promotion of firms’ and university-industry collaborations. However, one of these sub-mixes (cluster 2) is characterised by a remarkable presence of large-scale local development projects inspired to the traditional idea of growth poles (see centroids of cluster 2), while the other one is not (cluster 1). The former sub-mix is met in the two large Southern regions of Campania (96% membership) and Apulia (92%), while the latter is well embodied by Molise (97%) and Sardinia (70%). Other Southern regions, such as Sicily and Calabria, occupy an intermediate position, and Calabria’s mix also incorporates some elements of evolutionary inspiration. Such elements are remarkable also in two other regions of Central Italy, namely Lazio and Abruzzo, characterised by a prevalently minimal approach.

Also in the northern part of the country regional governments do not adopt a homogeneous policy mix, although, as mentioned previously, they share some common features that are typical of a proactive and innovation-oriented policymaker. Where policy mixes in northern Italy differ remarkably is with respect to *how much* they lean towards a systemic sub-mix based on the promotion of collaborations rather than towards an evolutionary sub-mix that privileges innovation intermediaries (see the centroids of clusters 3 and 4 in Table 2).

The prototypes of the evolutionary sub-mix are three typical ‘Third Italy’ regions (Bagnasco, 1977): Marche (92%), Umbria (82%) and Tuscany (78%), but this is the prevalent approach also in Emilia-Romagna, Piedmont, Liguria and in the province of Trento. Contrary to what one might have figured out by reading the vast literature on industrial districts in Third Italy, no ***programmes*** take industrial districts as their specific target and emphasis on local development ***programmes*** is also very limited (see note 9). Finally, the prototypes of the systemic sub-mix are Friuli-Venezia Giulia (88%) and Lombardy (86%), one of the country’s economic engines.

In order to comment on these results, it may be useful to visualise the correlation that exists between the degree of adoption of a proactive policy mix (mi2 K=2) and the level of innovativeness of the regional environment, summarised by the Revealed Regional Summary Innovation Index (RRSII) measured immediately prior to the start of the ***programming*** period under scrutiny (Hollanders, 2006; Figure 1). Based on a simple idea of equilibrium between policy demand and supply, the most natural expectation is that the higher the innovativeness of local environment, the more policy mixes are leaned towards innovation promotion. Figure 1.Correlation between membership in the proactive policy mix (mi2 k=2) and the levels of innovativeness and government quality of the regional environment.Note: The source of the rank in the Revealed Regional Summary Innovation Index (RRSII) 2006 is Hollanders (2006); the index is unavailable for Trento. The source of the government quality index in 2010 is Charron et al*.* (2014).

Since a recent stream of literature is investigating the relationship between the quality of government at the regional level and regional economic or innovative performance (Rodríguez-Pose and Di Cataldo, 2014; Rodríguez-Pose and Garcilazo, 2015), it can be also interesting to view the correlation between the degree of adoption of the proactive policy mix and the quality level of regional government (European Quality of Government Index for the year 2010, Charron et al., 2014; Figure 1). As argued in the second section, one would expect that the higher the quality of government, the more such government will be likely to design a strategy to support structural change.

Figure 1 shows that the correlations that were hypothesised are actually positive. The policy mixes of most regions are very similar to the expectations, with Northern regions grouping top right, and Southern regions bottom left. However, the correlation between the quality of government and the degree of proactivity is stronger than the correlation between RRSII and proactivity. Indeed, the Spearman’s rank correlation coefficient related to the right-hand graph of Figure 1 is 0.7 (*p* value 0.0005), which is larger than the 0.49 correlation related to the left-hand graph (*p* value 0.035).

It is evident from Figure 1 that some Northern regions, such as Marche, Tuscany or Aosta Valley, which do not rely on a better innovative environment than the other Northern regions, adopt notwithstanding a policy mix that is markedly proactive. Note that these regions are among those with decent government quality. A clear example of opposite sign is that of Lazio, where the quality of government is rather low: in spite of the innovative regional environment, the policy mix is relatively minimal. This preliminary evidence seems to be consistent with the idea that quality of government is not irrelevant in explaining the policy mix actually adopted at the regional level.

The evidence on Southern regions suggests that governments of lagging regions where there is greater need to spend on innovation are less capable than those of stronger and more innovative regions to absorb and spend public funds devoted to innovation support (Milio, 2007; Trigilia, 2011). In addition, these governments have to reckon with a regional environment that is poorly innovative and that expresses weak demand for innovation supports of any kind (Navarro et al., 2009).

One must also remember that policies are the results of a complex multilevel framework (Flanagan et al., 2011; Lanahan and Feldman, 2015; Magro and Wilson, 2013; Matti et al., 2016). In particular, as suggested by the regional innovation paradox revisited by Hassink and Marques (2016), the effectiveness of regional innovation policy should be analysed in the context of a complex multi-scalar framework that includes also national and supra-national policies. This is particularly true for the Italian convergence regions, which are also the target of specific national ***programmes*** (PONs). Therefore, the fact that their regional policy mixes do not show such a high propensity to support R&D and innovation projects might also be connected to the fact that these goals are pursued by the above mentioned PONs.

If these national ***programmes*** are added to our counts (Table 4), it is easy to verify that the overall average share of resources supporting innovation in convergence regions grows remarkably, and so does the share of resources devoted to intermediaries, collaborations and technologically targeted supports. This evidence suggests that, in convergence regions, several different policy mixes are in action: those of regional governments and that of national government delivering ‘regional’ policies. These mixes appear as complementary, although it is difficult to say to what extent this complementarity is intentional.13Table 4.Variable means in Convergence regions (Apulia, Calabria, Campania and Sicily) with and without national ***programmes*** for lagging-behind areas.

| **Variable** | **(a) Regional *programs* only** | **(b) Regional *programmes* and National Operational *Programmes* where regional allocation is specified** | **(c) Regional *programmes* and National Operational *Programmes* where regional allocation is specified or imputed** |
| --- | --- | --- | --- |
| R&D supports | 23.7 | 40.7 | 40.7 |
| Intermediaries | 3.3 | 12.1 | 9.3 |
| Local development | 34.8 | 26.8 | 29.9 |
| Collaboration | 20.8 | 33.9 | 24.4 |
| Targeting | 7.3 | 16.8 | 16.3 |
| Selectivity | 75.2 | 80.5 | 85.9 |

Note: (a) Includes only regional ***programs***. As only a few of the National Operational ***Programmes*** for Convergence regions declare a clear ex-ante allocation of resources to each region, (b) includes only National Operational ***Programmes*** with clear, ex-ante regional allocation and (c) includes all National Operational ***Programmes***, also those where regional allocation was not pre-specified. If unspecified, allocation has been imputed to each region in the same proportion observed in ***programmes*** with pre-specified allocation.

**Final remarks**

The analysis performed in this article shows that there is remarkable heterogeneity in the policy mixes adopted by regional policymakers in Italy in support of enterprises and innovation. Some regions adopt a proactive role by focussing on innovation, collaborations and the creation of intermediaries, applying selective procedures and introducing technology targets, while others seem to be less ambitious as their focus is more on the horizontal support to generic investments with lower emphasis on innovation-driven structural change. While the first type of policymaker appears to lean towards regional reorientation and renewal, the second one seems to be more concerned with conservation.

A more attentive and detailed investigation discloses further heterogeneity within each one of these general policy mixes. Within the proactive mix we have identified an evolutionary and a systemic approach (Laranja et al., 2008) and assessed to what extent these approaches are taken in Italian regions. However, some forms of proactivity can be identified also in the group of policymakers who are less concerned with structural change, which are related to the promotion of large projects of local development. At this point, it would be interesting to understand which policy mixes work better in particular regional contexts. This is indeed a challenging goal, which however, would require a longer time horizon than that available now.

The fact that policy mixes leaning towards conservation are more likely to be met in weaker regional environments where the need for change is high recalls the paradox highlighted by Oughton et al. (2002). In fact, on the one hand, it can be hard for governments in weaker regions to stress innovation supports while the industrial base is not ready to absorb them (Capello and Lenzi, 2016; Navarro et al., 2009). On the other hand, as also stressed by the literature on government quality, the same regional governments possibly suffer from a number of weaknesses related to their policymaking ability, and therefore are less able (or willing) than higher quality ones to pursue a strategy to support structural change (Rodríguez-Pose and Garcilazo, 2015).

Based on these arguments, the primary goal of public policy in weaker regions should be that of raising the level of individual and firm capabilities. Obviously, this is a challenge that cannot be addressed by enterprise and innovation policy alone, if appropriate ***interventions*** for the enhancement of local human capital are not part of the package. In other words, a more complex, place-based approach (Barca et al., 2012) seems to be needed.

The picture changes slightly if, according to the suggestions of Hassink and Marques (2016), we do not consider the region as a closed entity and, in addition to regional ***programmes***, we also consider the national action dedicated to the convergence regions. Although with some contradictions, national policy is characterised, in the observed period of time, by a strong emphasis on R&D and technology targeting, combined with a selective approach. Therefore, the complementary action of central government on lagging-behind regions mitigates some of the differences among the different areas of the country.

**Notes**

1.The label regional policies refer here to ***interventions*** designed and implemented by regional governments as a result of devolution or federalism, and not to national or supranational policies that aim to reduce territorial disparities and to promote convergence (see also Parr, 2015).; 2.Although instruments in this approach are not tailored to regional policy, it has been noted that their application is likely to have territorial implications (e.g., Barca et al., 2012; Farole et al., 2011; Parr, 2015; Rodríguez-Pose, 2001).; 3.See also Murphy et al. (2015) for the relationship between different forms of social capital and different policies.; 4.From 2002 to 2013, the share of resources provided by the Regions on the total resources devoted to enterprise policy more than triples (from 10% in 2002 to 36% in 2013). In the Centre-North in particular, the percentage of regional spending covers 70% of the total funds for enterprise policy, while in Southern regions, many of which are eligible under the EU Convergence Objective, the weight of national resources is still predominant (Brancati, 2015).; 5.For the case of Trentino-Alto Adige/Südtirol, the Autonomous Provinces of Bolzano and Trento have been considered and not the region, as provincial authorities are responsible for enterprise and innovation policies. However, Bolzano has been excluded because in that area policymakers do not provide a specific definition of resources allocated to each call (i.e., the resources are specified for the general axes of the ROP and not for the individual ***interventions***).; 6.The project Open Coesione ([*www.opencoesione.gov.it*](http://www.opencoesione.gov.it)), recently implemented by the Ministry of Economic Development details the amount of resources spent by the Regions.; 7.In particular, our search procedure was the following. We scrutinised the official bulletins of the Regions and of the State where all ***programme*** calls must be published by law. The official bulletins are published both in print and online, on the regions’ websites. From such bulletins, we selected all calls related to enterprise and innovation ***programmes*** co-financed by ERDF or FAS. These calls include information about general objectives of the policy (e.g., supporting R&D or generic firms’ investments), instruments (e.g., subsidies or grants, and their amounts) and operationalisation modes (e.g., final beneficiaries of the policy, target sectors or technologies, features of the evaluation procedure). The completeness of the information collected from the bulletins is confirmed by the data that administrations presented in the Annual Reports of Execution 2013.; 8.Common instruments are, for instance, loans, subsidies, grants. However, as shown by Laranja et al. (2008), the use such instruments may be compatible with almost all approaches to innovation policy (and, we would add, to enterprise policy). For this reason, we have not defined a variable related to the use of such instruments, but we have instead tried to detect the spread of more specific instruments such as intermediaries or local development ‘packages’, which can be peculiar to some policy approaches.; 9.During the years 2000, regional policymakers have designed several ***interventions*** supporting collaborative projects implemented by organisations located in industrial districts, but most of these have never been implemented (Bellandi and Caloffi, 2016). More recently, regional and national policymakers have promoted many initiatives in support of districts, clusters and networks, but most of the ***interventions*** do not expressly require the geographical proximity between the participants. However, it has to be noted that regions provide funds to agents located within the regional boundaries, i.e., in a relatively small geographical area.; 10.This stretch is usually revealed by the analysis of post-clustering silhouettes (Rousseeuw, 1987) or, more simply, by the fact that one or more classification variable exhibits a within-cluster standard deviation that is far too large or even some range overlap across clusters.; 11.Although fuzzy clustering is a more flexible option than hard clustering, also the former is characterised by some degree of subjectivity with respect to the choice of the distance metrics, the number of desired clusters and, more in general, to the choice of the degree of fuzzification of the analysis. Our choices related to these aspects are documented and justified in the remainder of this section.; 12.All computations were carried out using the recent ‘fclust’ package for R by Giordani and Ferraro (2014).; 13.See Del Bo and Sirtori (2016) for an analysis on the relationship between EU structural funds and Italian public investment.

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**Body**

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ANNEX 1

TITLE OF THE ACTION ***PROGRAMME***

* Identification

* Description of theAction ***Programme***

* Sectors selected under this Action ***Programme***

1. Rationale for the selectionof thespecific sectors under this ***programme***:

This Instrument for Pre-Accession Assistance (IPA II) Multi-country action ***programme*** is designed to respond to priority needs as identified in the Multi-country Indicative Strategy Paper 2014-2020 (hereinafter referred to as Strategy Paper) adopted on 30 June 2014[1]. The Western Balkans and Turkey face important challenges to meet the political and economic membership criteria and to align with the Union acquis. These challenges are common to all IPA II beneficiaries, although to varying degrees. The IPA II Multi-country ***programme*** also contributes to meeting the targets and expected results identified in the Strategy Papers for each IPA II beneficiary.

|  |  |
| --- | --- |
| Beneficiary | Beneficiaries listed in Annex I of the IPA II Regulation (IPA II beneficiaries) |
| CRIS/ABACCommitment references             Total cost   EU Contribution   Budget line | 2017/039-402; MCP 2017- part NEAR 2017/039-873; MCP 2017 - part ESTAT 2017/039-874; MCP 2017 - part ENV 2017/039-875; MCP 2017 - part CLIMA 2017/040-009; MCP 2017 - part EAC 2017/040-405; MCP 2017 - part MOVE SI2.757504; MCP 2017 - part EACEA EUR 174 336 822   EUR 168 000 000   22.020401 ? Multi-country ***programmes***, regional integration and territorial cooperation |
| Management mode/ Entrusted Entity | Direct management by the European Commission Except for: Part of Action No. 6 ? EU Integration Facility: indirect management by the British Council Part of Action No. 9 ? Support to the Western Balkan Integrative Internal Security Governance: indirect management by the Deutsche GesellschaftfürInternationaleZusammenarbeit GmbH ? GIZ Action No. 17 ? The Western Balkan Enterprise Development and Innovation Facility(WB EDIF) Competitiveness, Guarantees, Venture Capital Ecosystem: indirect management by the European Bank for Reconstruction and Development (EBRD), European Investment Fund (EIF) and the World Bank Action No. 19 ? Regional Housing ***Programme*** (RHP) (Sarajevo Process) Phase 2:indirect managementby the Council of Europe Development Bank (CEB) |
| Final date for contracting including the conclusion of delegation agreements | at the latest by 31 December 2018 |
| Final date for operational implementation | at the latest by 31 December 2021 Except for: Action No. 17 ? The Western Balkan Enterprise Development and Innovation Facility(WB EDIF) Competitiveness, Guarantees, Venture Capital Ecosystem: 31 December 2028 |
| ***Programming*** Unit | DG NEAR UnitD.5 - Regional Cooperation and ***Programmes*** |
| Implementing Unit/ EU Delegation | DG NEAR Unit D.5 - Regional Cooperation and ***Programmes***, with the following exceptions: Action No. 2: Western Balkans Youth Window under Erasmus +, co-delegated to EACEA Action No. 3: Statistics, cross sub-delegated to DG ESTAT Action No. 4: Support for Improvement in Governance and Management (SIGMA) in the Western Balkans and Turkey, DG NEAR Unit A.3? Thematic Support, Monitoring and Evaluation Action No. 5: International assessment for mathematics and science testing in primary education (TIMSS), cross sub-delegated to DG EAC Part of Action No. 6: EU Integration Facility (IT assistance contract), DG NEAR Unit A.3? Thematic Support, Monitoring and Evaluation Action No. 10: Systematic Exchange of Electronic Data ? SEED+, DG NEAR Unit A.3? Thematic Support, Monitoring and Evaluation Action No. 11: Support to CEFTA Secretariat, DG NEAR Unit A.3? Thematic Support, Monitoring and Evaluation Action No. 12: EU Environment Partnership ***Programme*** for Accession (EPPA), cross sub-delegated to DG ENV Action No. 13: EU Support for Climate Action in IPA II beneficiaries ? Transition towards the low emissions and climate-resilient economy, cross sub-delegated to DG CLIMA Action No. 16: EU support to the Transport Community Treaty Secretariat, cross sub-delegated to DG MOVE Action No. 20: Cross-Border Institution Building (CBIB+) ? Phase III, DG NEAR Unit A.4 ? Financial assistance: policy and strategy |

As pointed out in the Strategy Paper, challenges persist in the area of democracy and rule of law, including the functioning of institutions guaranteeing democracy, empowerment of civil society, the fight against organised crime, safeguarding fundamental rights, such as freedom of expression and the rights of persons belonging to minorities.

While solutions supported by IPA II funds need to be adapted to the specific situation of each individual IPA II beneficiary and supported under a national IPA ***programme***, certain problems are best tackled at regional or horizontal level. This is the case where a beneficiary cannot achieve the desired results alone as they require close cooperation and support from other IPA II beneficiaries (for instance for fighting organised crime), or where joint efforts are more cost-effective since they create synergies or economies of scale. A particular focus on the support to the reconciliation process in the Western Balkans will be ensured.

The Strategy Paper sets out as well how IPA II assistance will support reforms and investments in line with the identified key challenges for competitiveness and growth, in complementarity with assistance provided under the national ***programmes***.

In accordance with the Strategy Paper, assistance will be delivered under the following four headings, each one presenting one dimension of the added value of the horizontal and regional ***programming***:

* Horizontal support to sector policies and reforms;

* Regional structures and networks;

* Regional investment support;

* Territorial cooperation.

The focus of the 2017multi-country action ***programme*** rests to a large extent on tackling the fundamentals first, e.g rule of law, including security, fundamental rights, public administration reform, as well as on economic development and competitiveness; in addition to the connectivity agenda. It contains 20 regional and horizontal actions grouped under the four headings of the Strategy Paper.Where relevant actions under this multi-country action ***programme*** shall also respect and shall be implemented in line with the EU Charter of Fundamental Rights, Universal Declaration of Human Rights and other beneficiaries' international human rights obligations.

List of actions foreseen under the selected priorities:

|  |  |  |
| --- | --- | --- |
| List of actions | Management  mode | Amount in EUR |
| 01. Regional Training and Support ***Programme*** to improve Quality and Professionalism in Journalism | Direct | 2 000 000 |
| 02. Western Balkans Youth Window under Erasmus + | Direct | 3 000 000 |
| 03. Statistics | Direct | 14 000 000 |
| 04. Support for Improvement in Governance and Management (SIGMA) in the Western Balkans and Turkey | Direct | 15 000 000 |
| 05. International assessment for mathematics and science testing in primary education (TIMSS) | Direct | 1 500 000 |
| 06. EU Integration Facility | Direct/Indirect | 5 000 000 |
| 07. Regional support to protection-sensitive migration management systems in the Western Balkans and Turkey -  PHASE II | Direct | 5 000 000 |
| 08. EU Regional Action for RomaEducation | Direct | 3 000 000 |
| 09. Support to the Western Balkan Integrative Internal Security Governance | Direct/Indirect | 20 000 000 |
| 10. Systematic Exchange of Electronic Data ? SEED+ | Direct | 4 800 000 |
| 11. Support to CEFTA Secretariat | Direct | 200 000 |
| 12. EU Environment Partnership ***Programme*** for Accession (EPPA) | Direct | 2 500 000 |
| 13. EU Support for Climate Action in IPA II beneficiaries ? Transition towards the low emissions and climate-resilient economy | Direct | 2 000 000 |
| 14. EU-World Bank/GFDRR Western Balkans Disaster Risk Management ***Program*** | Direct | 3 000 000 |
| 15. Triple-P Tourism in SEE: Promotion, Policy, and Pilots | Direct | 5 000 000 |
| 16. EU support to the Transport Community Treaty Secretariat | Direct | 1 000 000 |
| 17. The Western Balkan Enterprise Development and Innovation Facility(WB EDIF) Competitiveness, Guarantees, Venture Capital Ecosystem | Indirect | 28 000 000 |
| 18. IFI Coordination Office (IFICO) | Direct | 6 000 000 |
| 19. Regional Housing ***Programme*** (RHP) (Sarajevo Process) Phase 2 | Direct/Indirect | 45 000 000 |
| 20. Cross-Border Institution Building (CBIB+) ? Phase III | Direct | 2 000 000 |
| TOTAL | 168 000 000 |  |

***Programmes*** for territorial cooperation and support for civil society development are being decided separately. Also, a financing decision to support investment priorities in infrastructure in the Western Balkans through grants will be taken separately.

* Overview of past and on-going EU, other donors' and/or IPA II beneficiary's actions in the relevant sectors:

When designing this ***programme*** due account has been taken of activities implemented under the national ***programmes***, the guidance provided in EU ***strategic*** documents, the lessons learned from the ***programming*** and implementation of previous EU assistance and the findings from consultations with, inter alia, the beneficiaries, International Financial Institutions (IFIs), international organisations, the Regional Cooperation Council (RCC), EU Member States andcivil society organisations.

The lessons learned from IPA I demonstrated that progress towards meeting EU membership criteria is best achieved by a mix of measures ***planned*** both at regional and IPA II beneficiary level. The IPA interim evaluation and meta- evaluation recommended that the Multi-country ***programmes*** should develop more rigorous selection criteria for the supported actions and focus on areas with clear needs for a regional approach. It also concluded that further efforts are needed to involve regional stakeholders more in ***programming*** and that centraladministrations should be involved in project implementation as a way to improve ownership and coordination.

Other conclusions concern economies of scale in horizontal ***programmes*** versus efficiency risks, due to sometimes complex set-ups for their implementation under IPA I assistance.

Under IPA II, efficiency concerns will be addressed by more effective coordination, focusing on fewer priorities, comprehensive and longer-term ***planning*** and, where relevant, a sector approach.

* Description and Implementation of the Actions

Save differently specified, the essential selection and award criteria for all grants (including direct award):

The essential selection criteria are financial and operational capacity of the applicant.The essential award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.

Horizontal supportto sector policies and reforms

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| Action 1 | Regional Training and Support ***Programme*** to improve Quality and Professionalism in Journalism | Direct Management | EUR 2million |

(1) Description of the action, objective, expected results and key performance indicators

Description of the action: The action contributes to enhance the quality and trustworthiness of news available to citizens in the Western Balkans. New generations of young and mid-career journalists will be trained to master how to provide quality news. Existing capacities in mid-career training will be upgraded and enhanced. A regional network will support the promotion of better journalism by involving media, Civil Society Organisations (CSOs) as well as EU and localtraining and academic institutions. Mainstream and Public Service Media will, through the action, be engaged in publishing investigative stories thus making such stories available to the larger public. The standards and awareness of such journalism will be further consolidated through the continuation of the regional EU Award Scheme for Investigative Journalism.

Objectives:To enhance quality and trustworthiness of news and journalism available to citizens.

Expected results:New generations of young and mid-career journalists trained; existing capacities of training providers upgraded; Mainstream and Public Service Media publishing investigative stories; continuation of the regional EU Award Scheme for Investigative Journalism.

Key performance indicators:

* Number of journalists trained disaggregated by sex

1. Number of investigative stories published
2. Training courses offered by localtraining providers alone or in partnership with media/CSOs/Academia in the Western Balkans
3. Number of awards issued in the Western Balkans and Turkey

(2) Assumptions and conditions

The most significant main conditions for implementation of the action are already in place.  All IPA II beneficiaries, excluding Turkey, have a legal framework ensuring that the exercise of the freedom of association and expression is formally guaranteed and some local capacities for training in quality news and investigative journalism exist.

(3) Implementation arrangements for the action: Direct management byDG NEAR D5

Grant – Call for proposal (Promotion of Quality and Professionalism in Journalism):

* Objectives and foreseen results: See above.

1. The essential eligibility criteria:Main actions supported by this call for proposals, by means of grants, are related to the creation or development of regional networks for training and support actions to improve quality and professionalism in journalism.

In order to be eligible the applicant must be an academic, CSOs or media organization based in one of the IPA II beneficiaries and be active in and/or a group of CSOs or media organizations from at least four of the seven IPA IIbeneficiaries. Academia and CSOs from EU Member States could be co-applicants of the actions.

N.B : For the sake of sound management the present call for proposals can be combined with other calls of the Civil Society Facility or Multi Country ***Programme*** (e.g having a specific lot dedicated to 'Promotion of Quality and Professionalism in Journalism').

* Maximum rate of EU co-financing: The maximum possible rate of EU co-financing for grants under this call is 90% of the eligible cost of the action.

1. Indicative amount of the call: EUR 2 million.
2. Indicative date for launch of the call for proposals: Q2 2018.

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| --- | --- | --- | --- |
| Action 2 | Western Balkans Youth Window under Erasmus+ | Direct Management | EUR 3million |

(1) Description of the action, objectives, expected results and key performance indicators

Description of the action: The action will promote participation of young people and youth workers from the Western Balkans in Erasmus+ non-formal learning projects, reinforcing capacity building in the field of youthand allowing organisations from Western Balkans to act as project coordinators and apply directly for an EU grant under the framework of the Erasmus+ ***programme***. To this end, organisational development and capacity building projects in the field of youth will be implemented with the aim to strengthen youth cooperation between Erasmus+ ***Programme*** countries and the Western Balkans, as well as cross-border cooperation within the Western Balkan region.

Objectives: To improve the level of key competences and skills of young people, including those with fewer opportunities, facilitating young people's active participation in democratic life and the labour market, by means of international non-formal learning activities, capacity building and policy cooperation.

Expected results:Strengthening of cooperation between youth organisations from all Western Balkans with organisations from the Erasmus+ ***Programme*** countries as well as the exchange of expertise and know-how between them in the field of youth and non-formal education;Improved involvement of young people from Western Balkans in international youth cooperation to acquire socio-economical skills which could facilitate young people's employability and their integration in society; Promotionof equity and inclusion by facilitating the access to activities for participants with disadvantaged backgrounds and fewer opportunities; Increased involvement of Western Balkans youth workers in joint projects with youth organisations from Erasmus+ ***program*** countries; Improvement of the operational capacity of organisations established in the Western Balkans, notably youth organisations, Non-Governmental Organisations (NGOs) and 'National Youth Councils', in particular with regard to the management of international cooperation projects supported by European Union funds.

Key performance indicators:

* Number of youth and other organisations from the Western Balkans participating in joint activities under this Window with organisations from Erasmus+ ***Programme*** countries;

1. Number of young people(disaggregated by sex at final report level), in particular young people with fewer opportunities, and youth workers from all Western Balkansinvolved in a balanced way in joint projects with organisations from the Erasmus+ ***Programme*** countries.

(2) Assumptions and conditions

The Education, Audiovisual and Culture Executive Agency (EACEA) is already responsible for the management of parts of the EU's funding ***programmes*** in the fields of education, culture, audiovisual, sport, youth, citizenship and volunteering. Consequently EACEA has built up relevant institutional framework, structures and knowledge in order to successfully implement this ***Programme***.

(3) Implementation arrangements for the action: Direct management by the Education, Audiovisual and Culture Executive Agency (EACEA).

Grant – Call for proposals(Western Balkans Youth Window under Erasmus+Key Action 2 (KA2) Capacity Building in the field of Youth):

Objectives and foreseen results: See above.

* The essential eligibility criteria:

Actions/activities to be supported will include encouraging cooperation, networking and exchanges of practices in the field of youth, seminars, conferences, workshops, meetings, training courses, study visits and job-shadowing.The aim is to improve the quality and recognition of youth work, non-formal learning and volunteering and to foster the development, testing and launching of schemes and ***programmes*** of non-formal learning mobility.

Applicants can be non-profit organisations, associations, NGO's (including European Youth NGOs); 'national Youth Councils' or public bodies at local, regional or centrallevel established in the IPA II beneficiaries of the Western Balkans. These criteria are further detailed in the Erasmus+ ***Programme*** Guide.Proposed actions must be transnational and involve a minimum of 3 participating organisations from 3 different beneficiariesof which at least one is from the Western Balkans and one an Erasmus+ ***Programme*** country.

* The essential award criteria are relevance, quality of project design and implementation, quality of the project team and cooperation arrangements, as well as impact and dissemination.

1. Maximum rate of EU co-financing:The maximum grant awarded for an Erasmus+ Western Balkans Youth Window project is EUR 150 000. EU co-financing is based on a combination of Unit costs and portion of eligible costs according to the funding rules specified in the Erasmus+ ***Programme*** Guide for Key Action 2 'Capacity building in the field of youth' type of projects. Activity based costs will be covered up to a maximum of 80% of eligible costs. Several types of costs linked to the involvement of young people with fewer opportunities can be covered up to 100%.The specific financial rules are outlined in the Erasmus+ ***Programme*** Guide.
2. Indicative amount of the call: EUR 3 million.
3. Indicative date for launch of the call for proposals: applicants have to submit their grant application by Q12018 for projects starting between 1 July and 31 December of 2018.

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| --- | --- | --- | --- |
| Action 3 | Statistics | Direct Management | EUR 14 million |

 (1) Description of the action, objectives, expected results and key performance indicators

Description of the action:The action aims to support the IPA II beneficiaries in the process of harmonisation with EU standards by aligning their present methodologies and output with the EU acquis in statistics and gradually integrating them into the European Statistical System (ESS).Assistance provided in the framework of IPA II will result in an increased availability of good quality data from the IPA II beneficiaries. These data can be used by policy makers on central, regional and European level.

The 'National Statistical Institutes' (NSIs) of the beneficiaries will participate in meetings and working groups within the ESS, training events, study visits and they will benefit from consultancies and reviews. Moreover, the NSIs can send trainees to EU Member States for in-depth learning. The ***planned*** statistical projects will focus on implementing data collection and production in the following broad statistical areas: macro-economics statistics, business statistics, social statistics, ***agricultural*** and environment statistics, multi-domain statistics as well as address shortcomings in the institutional environment of the NSIs and the infrastructure.

Objectives:To improve compliance with the EU acquis in statistics; To make statistics a better tool for policy purposes; To further integrate the NSIs into the ESS; To progress in implementing the European statistics Code of Practice (CoP); To strengthen the management capacity of NSIs.

Expected results:Improved availability and quality of statistical data in selected statistical areas; Increased trust and confidence in statistics expressed by policy makers; Increased relevance and timeliness of statistical data for policy makers; Increased knowledge about the EU acquis, European statistics and their compilation methods, standards and terminologies; Improved cooperation between ESS and NSIs of IPA II beneficiaries; Increasingly assured professional independence of the NSI; Role of NSIs as coordinators of the official statistical systemstrengthened.

Key performance indicators:

* Compliance rate with the EU acquis in statistics;

1. Progress in the implementation of the CoP;
2. Qualitative scoring in NEAR reports per IPA II beneficiary.

(2) Assumptions and conditions

There are certain pre-conditions that need to be met for the success of the action. A pre-condition is to establish a system for knowledge transfer within the offices and an appropriate human resource policy to ensure more attractive career options for statisticians to slow down the rate of turnover. The latter shall be done in line with the rules governing career path of civil servants and public employees.

In terms of financing, it is essential that the Governments of the IPA II beneficiaries ensure sufficient budget for NSIs for their activities.

Another pre-condition is that a system of efficient coordination among different donors is in place to avoid inefficiencies in action implementation. Eurostat is constantly monitoring the various donor activities in the region through the annual donor coordination survey, and keeps close contact with other donors through coordination meetings.

(3) Implementation arrangements for the action: Direct management byDG ESTAT A3

(3)(a) Essential elements of the action for direct management:

Procurement:

* the global budgetary envelope reserved for procurement: EUR 7 630 000.

1. theindicative number and type of contracts:  1 service contract.
2. indicative time frame for launching the procurement procedure: Q4 2017.

Grant - Direct grant award (Statistics - National Statistical Institutes):

* Objectives and foreseen results: See above.

1. Justification for the use of an exception to calls for proposals:  Grants will be provided to the NSIs of the former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey based on Article 190 (1)(c) of Rules of Application of Regulation (EU, Euratom) No. 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union[2] (hereinafter referred to as 'the Rules of Application”)based on the exclusive competence of the 'National Statistical Institute' in the area of official/European statistics. Through these grants the beneficiary NSIs shall be directly responsible for the implementation of the activities foreseen in this action. Eurostat uses a call for application addressed to NSIs of the relevant IPA II beneficiaries listed above as they have a de-jure and de facto monopoly to carry out the statistical activities included in this action. They are, according to statistical laws, the institutions inside the public administration of IPA II beneficiaries responsible for collecting, ***producing*** and disseminating official statistics. The NSIs may be supported in this undertaking by other services of the public administration but the final responsibility for disseminating official statistics lies with the NSIs.
2. Name of the beneficiaries:'National Statistical Institutes' of the former Yugoslav Republic of Macedonia, the Republic of Montenegro, the Republic of Serbia, and the Republic of Turkey.
3. Indicative amount of the grants: EUR 6 000 000 (for all the four NSIs).
4. Maximum rate of EU co-financing: 95% of the eligible cost of the action for the grants to the NSIs of the four IPA II beneficiaries.
5. Indicative date for signing the grants agreements: Q3 2018.

Grant - Direct grant award(Statistics - International Monetary Fund):

* Objectives and foreseen results: See above.

1. Justification for the use of an exception to calls for proposals: A grant will be awarded to the International Monetary Fund (IMF) based on Article 190 (1)(f) of the Rules of Application on account of its technical competence and high degree of specialisation. The IMF will be awarded a financial contribution for financing the implementation of two statistical projects in specific statistical areas in the IPA II beneficiaries, namely external sector statistics and government finance statistics. This assistance will be complementary to the assistance provided by Eurostat. The IMF has sound expertise in these statistical areas and has already worked with relevant institutions (NSIs, Ministry of Finance) in the IPA II beneficiaries.
2. Name of the beneficiary: the International Monetary Fund in the area of government finance statistics.
3. Indicative amount of the grant: EUR 370 000.
4. Maximum rate of EU co-financing: 100 % of the eligible cost of the action. For EU visibility reasons it is essential that the EU is the sole donor for the action.
5. Indicative date for signing the grant agreement: Q2 2018.

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| Action 4 | Support for Improvement in Governance and Management (SIGMA) in the Western Balkans and Turkey | Direct Management | EUR 15 million |

(1) Description of the action, objectives, expected results and key performance indicators

Description of the action:SIGMA contributes to strengthening public administrations in the Western Balkans and Turkey, the objective being to bring beneficiaries' administrations up to European values of democracy, human rights and the Rule of Law, to strengthen integrity, predictability, accountability, legality and transparency and to provide quality policy outcomes supporting socio-economic development.  This action more specifically aims to improve performance by the IPA II beneficiaries through a stronger focus on how reforms can be taken forward, implemented and assessed.

SIGMA assistance encompasses the six core areas of good governance and public administration reforms (PAR), such as civil service and public administration organisation and functioning, policy development and coordination, PAR ***strategic*** framework and coordination, public financialmanagement (PFM) including public procurement. In this way, SIGMA assists IPA II beneficiaries in building up administrative capacities for the adoption and correct implementation of the EU acquis so as to create adequate conditions in the framework of the European perspective .

Objectives: To improve the IPA II beneficiaries' performance in the six core horizontal governance and PAR reform areas, notably: PAR ***strategic*** framework, policy development and coordination, civil service and human resources management, accountability, service delivery and PFM, including public procurement and external audit.

Expected results: Improvements of the quality of the PAR and PFM strategies and/or action ***plans***, including their coordination and monitoring systems (in line with the Principles of Public Administration) are promoted; Improvements of the legal framework and of governments' practices in the 6 horizontal PAR core areas are promoted; Progress of the IPA II beneficiaries in the implementation of PAR and PFM reforms is regularly assessed and reform priorities are highlighted and sequenced for each IPA II beneficiary.

Key performance indicators:

* Score of Government effectiveness;

1. Level of quality of the ***strategic*** framework on PAR and PFM;
2. Level of effectiveness of PAR implementation and comprehensiveness of monitoring and reporting.

(2) Assumptions and conditions

The Framework Administrative Agreement between the European Union and the Organisation for Economic Co-operation and Development (OECD) regulate their relations with reference to actions administrated by the OECD and funded or co-funded by the European Union. With reference to the SIGMA ***programme***, specific conditions agreed between the OECD and the European Commission apply until June 2018. In case these conditions are not renewed or amended, the provisions of the European Commission / OECD Framework Administrative Agreement will apply.

(3) Implementation arrangements for the action: Direct management byDG NEAR A3

Grant - Direct grant award(SIGMA - Support for Improvement in Governance and Management (SIGMA) in the Western Balkans and Turkey)

* Objectives and foreseen results: See above.

1. Justification for the use of an exception to calls for proposals: The direct award is based on Article 190 (1)(f) of the Rules of Application, since a particular type of body on account of its technical competence and its high degree of specialisation is required.Since 1992 SIGMA has embodied the commitment of the European Commission to co-operate with the OECD in order to promote better public governance in the enlargement context. The successive SIGMA ***programmes*** have been repeatedly evaluated (in 2007 and 2012) with a positive track record in terms of efficiency, quality, effectiveness and sustainability of results and IPA beneficiaries have always expressed a high level of satisfaction due to its high level of relevance, flexibility and quality of expertise delivered.
2. Name of the beneficiary: Organisation for Economic Co-operation and Development (OECD).
3. Indicative amount of the grant: EUR 15 000 000.
4. Maximum rate of EU co-financing: The maximum possible rate of EU co-financing for grants under this grant is 98% of the eligible cost of the action.
5. Indicative date for signing the grant agreement: Q4 2017.

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| Action 5 | International assessment for mathematics and science testing in primary education (TIMSS) | Direct Management | EUR 1.5 million |

(1) Description of the action, objectives, expected results and key performance indicators

Description of the action: The International Association for the Evaluation of Educational Achievement (IEA) will test primary students in the Western Balkans in 4th grade primary on math and sciences under the Trends in International Mathematics and Science Study (TIMSS). The results of these tests at an earlier age will be most valuable for the teachers and policy-makers who will have several years in which to improve the educational provision, hopefully resulting in better student skills and better PISA results. Funding the international costs of TIMSS was one of the priorities agreed at the 2015 Western Balkans Platform on Education and Training.

With this ***intervention***, the EU will support the international costs of TIMSS while the relevant IPA II beneficiaries themselves bear their costs in terms of staff and other resources needed to conduct the testing. This participation will be organised directly between the relevant IPA II beneficiaries and the IEA which will inform and train the beneficiaries for their tasks. The EU will conclude a contract with the IEA to which it will pay the international costs for the beneficiaries' participation in TIMSS.

Objectives:To engage the Western Balkans in taking part in the international assessment of primary students in math and science as measured by TIMSS, by covering the international costs of their participation in this assessment.

Expected results:Number of reports per relevant IPA II beneficiaryon pupils' performance in TIMSS including scores and analysis available; Maximised performance of pupils; Increased development needs analysis; Enhanced educational policy and strategy in the area of mathematics and sciences; Strengthened capacity of Ministry of education staff, teachers and directors via participation and training for this international assessment.

Key performance indicators:

* Education and Training 2020 benchmarks, including the qualitative benchmark of fewer than 15% of 15 year-olds being under-skilled in reading, mathematics and science as measured by PISA;

1. Scores in mathematics and science in exams at beneficiary level;
2. TIMSS Average achievement/ Confidence percentage;
3. Number of training ***programmes*** for teachers targeting development of problem solving.

(2) Assumptions and conditions

The action will fund the international costs of the participation of the Western Balkans in the TIMSS 2019 assessment. The adoption of the commission implementing decision, however, is foreseen beyond the usual IEA deadline for registration.

IEA is willing to allow participation of the Western Balkans as of the beginning of 2017 so that the relevantIPA II beneficiaries understand the tasks ahead and prepare accordingly.  This activity is to be part of the costs of each IPA II beneficiary and will not be reflected in the contract with the EU.

After the cross-delegation procedures ***planned*** by DG NEAR and DG EAC are completed, DG EAC can proceed with contacting IEA for their services. The relevant IPA II beneficiaries will be asked to sign an agreement with the IEA to confirm their commitment.  This agreement needs to be annexed to the contract between EAC and IEA for the payment of the international costs for participation.

(3) Implementation arrangements for the action: Direct management byDG EAC C3

Grant - Direct grant award (International assessment for mathematics and science testing in primary education (TIMSS)):

* Objectives and foreseen results: See above.

1. Justification for the use of an exception to calls for proposals: Article 190 (1)(f) of the Rules of Application on account of its technical competence and high degree of specialisation. The IEA carries out TIMSS assessments since 1995. Therefore its knowledge of the methodology and its mandate, strengths and valuable previous technical expertise on this specific type of activity constitutes an extremely valuable advantage for the implementation of the action.
2. Name of the beneficiary:The International Association for the Evaluation of the Educational Achievement (IEA).
3. Indicative amount of the grant: EUR 1.5 million.
4. Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 100% of the total cost of the action. Full financing of the action is essential for the action to be carried out for EU visibility reasons,as this action fully covers the international costs of participation in TIMSS.The costs of theirparticipation will be covered by the IPA II beneficiaries themselves, which is why IEA will sign an agreement with each of the Ministries.
5. Indicative date for signing the grant agreement: Q3 2017.

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| Action 6 | EU Integration Facility | Direct Management (EUR3.2 million) /Indirect management (EUR 1.8 million) | EUR 5 million |

(1) Description of the action, objectives, expected results and key performance indicators

Description of the action:The action contains a number of smaller ***interventions*** such as provision of technical assistance, preparatory or follow up actions, which are not yet mature enough to be presented as stand-alone actions. It may also cover relevant networking, visibility, evaluation activities, as well as training. It also foresees the follow up to the pilot action for a regional executive ***programme*** and exchange component for young civil servants from the Western Balkans.  Support Transparency International and Partnership for Social Development on obstacles to good governance, as well as support in assisting the IPA II beneficiaries in their preparation for participating in the EU Trans European networks in the fields of taxation and customs, and support for the implementation of the work ***programme*** of the Regional Youth Cooperation Office (RYCO).

Objectives:To contribute to progress in the accession process, by supporting flexible, pilot actions addressing urgent and/or unforeseen that merit to be addressed rapidly in order to assure continuity in the accession process and herewith related issues.

Expected results:Specific and urgent needs in the region supported; Ensured implementation of a number of accession related preparatory and start-up actions; Urgent/bridging support for important regional initiatives and organisations ensured; TA provided, studies carried out; Training provided; Monitoring and evaluation missions/studies carried out; Visibility material ***produced***; Follow up to the pilot action for regional executive and exchange ***programme*** successfully completed; Assessment and track record of 'National Integrity System'; Assessment of barriers to good governance in public procurement; Further adaptation of business procedures used in the tax and customs administrations for the mandatory exchange of information; development of IT systems in compliance with accession-essential interconnectivity requirements (limited to candidate countries); sustainability, transfer of knowledge and ultimate ownership by the IPA II beneficiaries; Knowledge of young civil servants in WB-6 on European perspectiverelated issues increased; Collaboration between young civil servants in WB-6 centraladministrations enhanced.

Key performance indicators:

* Number of preparatory and start-up actions implemented;

1. Number of good quality communication materials ***produced***;
2. Number of monitoring/evaluation  missions carried out;
3. Number of young civil servants having successfully completed the executive ***programme***;
4. Progress made by the beneficiary administrations in their preparation for interconnectivity and interoperability;
5. Participation in monitoring missions and timely delivery of mission reports; production of administrative documents, assessment of project documents; organisation of workshops and trainings.

(2) Assumptions and conditions

No particular conditions to be signalled at this stage.

(3) Implementation arrangements for the action:

Indirect management with the British Council(Delegation agreement: EU Scheme for Young Civil Servants in the Western Balkans – II)

(3)(a) Entity entrusted with budget implementation tasks

The implementation of the part of the action (EU Scheme on Young Civil Servants in the Western Balkans) will be entrusted to the British Council building on its mandate, strengths, presence and valuable previous expertise in the Western Balkans, particularly in implementing a similar scheme, the Young Cells Scheme in Kosovo\*. The British Council has also implemented the pilot phase of the scheme in 2016-2017. The indicative amount of the contract will be EUR 1.8 million. The essential selection criteria are financial and operational capacity of the delegatee. The award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.

(3)(b) Short description of the tasks entrusted to the entity

The British Council will be responsible for the organisation of a regional executive ***programme*** and exchange component for young civil servants from the Western Balkans (5 from each IPA II beneficiary). The 30 candidates will jointly participate in a tailor-made 3-4 week long executive ***programme*** covering key public administration areas such as policy formulation and analysis. The British Council will be responsible for the management, procurement and implementation of the ***programme***. The action will cover a duration of twoyears' period.

(3)(c) Essential elements of the action for direct management: Direct management by DG NEAR D5 and DG NEAR A3 (IT contract)

Procurement:

* The global budgetary envelope reserved for procurement: EUR  1.7 million.

1. The indicative number and type of contracts: 4– 5 service contracts/specific contracts under framework contracts.
2. Indicative time frame for launching the procurement procedures: Q4 2017-Q3 2018.

Grant - Direct grant award (National Integrity System)

a)  Objectives and foreseen results:To improve good governance in the IPA II beneficiaries by decreasing corruption.

b)  Justification for the use of an exception to calls for proposals: The direct grant is based on Article 190 (1) (f) of the Rules of Application for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power. Transparency International has developed a unique and innovative methodology to assess the performance of anti-corruption systems, the so-called 'National Integrity System' (NIS) assessment. The approach combines comprehensive research and active stakeholder engagement. The support will allow TI to conduct/update assessments of the NIS in each of the IPA II beneficiaries, provide guidance on how to strengthen the accountability and transparency of the centralsystems and develop a methodology for establishing a mechanism to track progress relating to improving anti-corruption efforts.

c)  Name of the beneficiary:Transparency International.

e)  Indicative amount of the grant: EUR 0.4 million.

f)  Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 90% of the total cost of the grant.

g)  Indicative date for signing the grant: Q3 2017.

Grant - Direct grant award(Assessment of barriers in good governance in public procurement)

a)  Objectives and foreseen results: To identify and analyse the barriers impeding/frustrating good governance in public procurement.

b)  Justification for the use of an exception to calls for proposals: The direct grant is based on Article 190 (1) (f) of the Rules of Application for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power. Partnership for Social Development (PSD) developed a unique assessment methodology with accompanied IT for which it holds a Certificate for copyright protection assurances.

c)  Name of the beneficiary: PSD.

e)  Indicative amount of the grant: EUR 0.3 million.

f)  Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 90% of the total cost of the grant.

g)  Indicative date for signing the grant: Q3 2017.

Grant - Direct grant award(Support to participation in the European Judiciary Training Network activities):

a)  Objectives and foreseen results: To foster knowledge and skills of the judiciary exchanges of good practices in the interest of the accession process.

b)  Justification for the use of an exception to calls for proposals: The direct grant is based on Article 190 (1) (f) of the Rules of Application for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power.

c)  Name of the beneficiary: EJTN.

e)  Indicative amount of the grant: EUR 0.3 million.

f)  Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 100% of the total cost of the grant.

g)  Indicative date for signing the grant: Q3 2017.

Grant - Direct grant award(Support to the Regional Youth Cooperation Office (RYCO)):

* Objectives and foreseen results:The establishment of RYCO is an important initiative as regards regional reconciliation. In terms of its objectives, RYCO aims to further encourage youth cooperation, mutual understanding and exchange of experiences, with a view to strengthening stability, sustainable development and progress in the Western Balkans. The Commission shares these objectives and will provide funding through the Western Balkan Youth Window under the IPA II to help youth organisations in the region implement activities in line with the work ***programme*** of RYCO. Furthermore, the direct grant is awarded to help RYCO to implement its work ***programme***.

Expected results:Enhanced youth cooperation, mutual understanding and exchange of experiences in the Western Balkans, with a view to strengthening stability, sustainable development and progress in the region; An effectively functioning of RYCO in the Western Balkans that is actively promoting exchanges of young people in the region in synergy with the EU framework on education, training and youth.

* Justification for the use of an exception to calls for proposals: Article 190 (1)(f) of the Rules of Application on account of its technical competence, mandate,  and high degree of specialisation. RYCO is a unique body of this kind in the Western Balkans. Its establishment is politically very important in order to promote regional reconciliation, starting with young people.

1. The name of the beneficiary:Regional Youth Cooperation Office (RYCO).
2. Indicative amount of the grant: EUR 0.5 million.
3. Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 25% of the total cost of the action.
4. Indicative date for signing the grant agreement: Q3 2017.

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| Action 7 | Regional support to protection-sensitive migration management systems in the Western Balkans and Turkey -  PHASE II | Direct Management | EUR 5million |

(1) Description of the action, objectives, expected results and key performance indicators

Description of the action:The action further develops and operationalises a protection sensitive migration management system in the IPA II beneficiaries. The action seeks to ensure a comprehensive and holistic regional approach to migration management in the Western Balkans and Turkey, based on a human rights perspective.Complementing IPA assistance at the bilateral level, the action constitutes phase 2 of a similar regional IPA action implemented since 2016. It focuses on pre-screening, registration, and identification of people, improving the information exchange mechanisms, setting up structures to facilitate voluntary and non-voluntary return solutions and improving the centralreferral systems. Additionally, it seeks to build local communities' resilience and promote social inclusion.

Objectives:To further build institutional capacities and operations of the relevant institutions coming in first and second points of contact with migrants and persons in need of international protection that is in full respect of fundamental rights set up by international standards and to build local communities' resilience and promote social inclusion.

Expected results: (1) Identification of mixed migration flows at first and second points of contact and within the territory as well as pre-screening, screening on nationalities improved; (2)IPA II beneficiaries'asylum procedures that take vulnerabilities into consideration and are line with EU standards in the Western Balkans improved; (3) Information exchange mechanisms on non-personal information and data set up, and data gathering, analysis, coordination and transparency with regards to migration enhanced, incorporating coherent and consistent data on labour migration to, from, and within the region in line with the relevant EU standards; (4) Voluntary and non-voluntary return mechanisms and operational cooperation established at regional level, along with the selected countries of origin; and (5) More resilient local communities created and social cohesion between dwellers and asylum seekers, refugees, migrants, people in need of international protection and  persons with other protection needs improved.

Key performance indicators:

* Number of pools of translators deployed in the key spots from Farsi, Arabic and Pashtu ensuring appropriate gender balance;

1. Number of asylum requests processed;
2. Number of exchanges of operational data and aggregate data within the region and with EU member states;
3. Number of laws and by-laws in place to manage voluntary and non-voluntary return operations;
4. Number of social ***programmes*** initiated for employment and social cohesion targeting specifically foreigners.

(2) Assumptions and conditions

A smooth implementation can be ensured through well-defined action ***plans***, timely agreed with all the partners. Functional governance, both in the project teams and the centralbodies coordinating the action, with clear and well-structured lines of communication, can assure a fair and broad involvement of all the actors, leading to an increased ownership of action, results and good quality of the ***programme*** outputs.

Great communication and clear messages have to be shared among partners and with stakeholders in order to address any issues under the common objective to develop protection sensitive measures within the management systems, in the Western Balkans.

Strong coordination has to be systematised from all the partners and the IPA II beneficiaries. For result 5, it is key to have an accreditation system in place to enable CSOs to deliver services under social ***programmes*** in the IPA II beneficiaries. Strong will to share information among the targeted IPA II beneficiaries is a sine qua non condition to fulfil the ***programme*** objectives.

(3) Implementation arrangements for the action: Direct management by DG NEAR D5

Grant - Direct grant award(Regional support to protection-sensitive migration management systems in the Western Balkans and Turkey - PHASE II - Component I)

* Objectives and foreseen results: See above.

1. Justification for the use of an exception to calls for proposals: The direct grant to the European Border and Coast Guard Agency (commonly referred to as Frontex)is based on Article 190 (1) (f) of the Rules of Application for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power. The Frontex mandate makes it the most qualified and reliable entity to implement the component I for this action in the light of the European perspective and the harmonisation to EU practices in migration management. It is currently implementing phase I of the ***programme***, targeting similar results and implementing same type of activities. Therefore, it is considered efficient keep with the existing ***programme*** governance, and build upon the practices developed over phase I. Frontexwill apply its established methodology and training tools constituting the best practices within the European Union as well as already trained experts from the EU Member States In addition, Frontex already signed working arrangements with all the beneficiaries and a memorandum of understanding with Turkey. Those agreements make actions implementation more effective and strengthen Frontexsupport impact. The role of the European Asylum Support Office (EASO)and the United Nations High Commissioner for Refugees (UNHCR)is to monitor the EU/UN standards application for the protection of fundamental rights of migrants in the region. The International Organisation of Migration (IOM) is in charge of supporting Frontex(and the beneficiaries) regarding the activities on data collection and sharing, given its high expertise in performing return procedures and operations. Additionally, as EASO and UNHCR, IOM partnership under Component I aim at standardising the protection sensitive measures developed within the migration management systems in the Western Balkans. In addition, all the selected entities are expected to ensure the achievement of the expected outcome, on the basis of their strong technical capacities and their broad existing stakeholder networks, since they work already in the region on the themes of the action.
2. The name of the beneficiary: Frontexin partnership with IOM, EASO and UNHCR.
3. Indicative amount of the grant:  EUR 3 400 000.
4. Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 100% of the total cost of the action. In accordance with Article 192 of the Financial Regulation, for EU visibility reasons, it is essential that the EU is the sole donor for the action. Additionally, Frontex is an Agency of the European Union.
5. Indicative date for signing the grant agreement: Q4 2018.

Grant - Direct grant award(Regional support to protection-sensitive migration management systems - PHASE II Component II)

* Objectives and foreseen results: See above.

1. Justification for the use of an exception to calls for proposals: The direct grant to IOM is based on Article 190 (1) (f) of the Rules of Application for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power.The IOM mandate makes it the most qualified and reliable entity to implement this part of the action. IOM is implementing phase I of the ***programme***, and it is considered efficient to keep with the existing ***programme*** governance, and build upon the practices developed over phase I. IOM along with Frontex, EASO and UNHCR is currently working to develop regional Assisted Voluntary Returns(AVRs) and asylum system in the region and manages the activities concerning information exchange mechanisms and setting up mechanisms for a sustainable regional voluntary return structure. IOM will be in charge of the component on social cohesion and community resilience since it is already implementing other type of similar contracts worldwide and in the region. IOM has already started policy discussions with the centraland local authorities on the themes covered by this action; and its local offices are already active in this area in the field. The speed of IOM procedures ensures flexibility and appropriate capabilities to face eventual emergencies.
2. The name of the beneficiary: International Organisation of Migration (IOM), in partnership with Frontex, EASO and UNHCR.
3. Indicative amount of the grant:  EUR  1 600 000.
4. Maximum rate of EU co-financing: The maximum possible rate of EU co-financing for this grant is 90 % of the eligible cost of the action.
5. Indicative date for signing the grant agreement: Q4 2017.

Regional structures and networks

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| Action 8 | EU Regional Action for Roma  Education | Direct Management | EUR 3 million |

(1) Description of the action, objective, expected results and key performance indicators

Description of the action: The aims to reducing the Roma/non-Roma gap in participation to and completion of quality education, to improving Roma transition between education and employment, and promoting durable systemic change and de-segregation within education systems in the Western Balkans and Turkey. This will be achieved by supporting preschool education for Roma kids; awarding scholarships to Roma students; supporting the transition between education and employment of Roma; building capacities of relevant authorities and their understanding of the specific challenges faced by the Roma community; and by supporting regional networking and raising awareness on these issues.  The target group and final beneficiaries of the action will be central and local authorities (Ministries of Education, municipalities and school directorates) whose capacities will be strengthened through the action, Roma CSOs and community-based organisations, Roma students and youth.

Objectives: (1) To promote equal participation in quality education for Roma at all levels (pre-school, primary, secondary, university and vocational education); and to improve educational outcomes (including preventing school drop-out) with a special focus on reducing the wide gap between male and female education levels; (2) To improve Roma youth employability and a smooth transition for Roma between end of studies and employment market; and (3) To promote desegregation and systemic durable change for Roma in the education sector.

Expected results:(1) Models tested and good practices identified for supporting early childhood development and education, improve educational outcomes and school performance, prevent school drop-out and offering a second chance to those who have already dropped out, and implement desegregation; (2) Employability of Roma students increased; (3) Understanding of the specific challenges faced by the Roma community and capacity of policy makers to ensure systemic and durable change for Roma in the education sector improved; (4) Attitudes towards Roma and of Roma changed for the better through training school officials, Roma and non-Roma teachers and parents, and sharing experiences and success stories of role models; (5) Regional cooperation and networking among relevant authorities and civil society working for Roma education enabled; and (6) Awareness raising and outreach on Roma education enhanced.

Key performance indicators:

* Number of local integration actions implemented with the support of the project technical assistance;

1. Minority citizens capable of work who have actually found a job as a result of EU support related activities;
2. Extent to which policy making on minorities integration by local and central authorities is evidence-based.

(2) Assumptions and conditions

There are no specific legal or policy conditions required for the implementation of the action. However, the action will only be successful if local and centralauthorities, schools, school teachers and parents demonstrate interest, engagement and active participation in the project activities. In particular, the engagement of relevant authorities to implement decisions and ***plans*** also providing the necessary budget for them, as well as to use the knowledge and tools ***produced*** or established by the project also after its completion, will ensure sustainability of the project results. Creating such ownership is embedded in the action. As for Result 4, a certain degree of openness of authorities and communities to change their attitude towards Roma will be needed.

(3) Implementation arrangements for the action: Direct management by DG NEAR D5

Grant - Direct grant award(EU Regional Action for Roma Education):

a)  Objectives and foreseen results: See above.

b)  Justification for the use of an exception to calls for proposals:the direct grant to the Roma Education Fund (REF) is based on Article 190 (1)(f) of the Rules of Application, since a particular type of body on account of its technical competence and its high degree of specialisation is required. The REF is an international NGO created in the framework of the Decade of Roma Inclusion in 2005. The Decade of Roma Inclusion 2005-2015 was an initiative that brought together governments, intergovernmental and non-governmental organisations, as well as Roma civil society in a shared political commitment by participating governments and other participating actors to eliminate discrimination against Roma and close the unacceptable gaps between Roma and the rest of society. REF specific mission and focus is to close the gap in educational outcomes between Roma and non-Roma through supporting policies and ***programs*** which ensure quality education for Roma, including the desegregation of education systems. Through its activities, REF promotes Roma inclusion in all aspects of the centraleducation systems of the IPA II beneficiaries and other countries participating in the Decade of Roma Inclusion.

c)  Name of the beneficiary: Roma Education Fund.

d)  Indicative amount of the grant: EUR 3 000 000.

e)  Maximum rate of EU co-financing: The maximum possible rate of EU co-financing for the action is 80 % of the eligible cost of the action.

f)  Indicative date for signing the grant agreement: Q2 2018.

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| Action 9 | Support to the Western Balkan Integrative Internal Security Governance | Direct management (EUR 7 million) /Indirect Management (EUR 13 million) | EUR 20 million |

(1) Description of the action, objective, expected results and key performance indicators

Description of the action: The action’s intends to assist the Western Balkans in tackling occurring forms of Serious and Organised Crimes (SOC) including terrorism that have been impacting the region and Europe as a whole. It will assist their law enforcement services to eliminate to the highest extent possible the main motivating factor to Organised Crime Groups (OCGs) operating in/through the region – their illegally gotten financial gains, building on the existing achievements, relevant regional mechanisms and structures to further improve the capacities of prosecutors, police, judiciary as well as financial investigation units, enabling the seizure or illegal financial profits through successful cross-border investigations and sufficient follow up.The action will deliver an integrative and coordinated approach to countering SOC in/emanating from the Western Balkan region – based on the Integrative Internal Security Governance (IISG) concept, which builds on the methodology of the EU Western Balkan Counter-Terrorism initiative. The integrated multi-annual action ***plan*** will integrate the efforts of EU and international partners.

Objective:To counter serious crime and terrorism based on intelligence led policing, financial investigations through an effective and functioning IISG in the Western Balkans.

Expected results: (1) Beneficiaries are better equipped in tackling organised crime, major and serious criminal phenomena and terrorism including violent extremism; (2) Improved co-operation and collaboration between the Western Balkans law enforcement and judiciary and with other bodies; (3) One overarching Western Balkan Security Governance with integrative ***plan*** of actions created and endorsed; (4) Trust between the Beneficiaries, donors and implementers is increased on cross border and international cases; (5) Capacity and confidence among the Beneficiaries in fighting organised crime, terrorism and alike is improved; and (6)Europol Liaison Officers fully operational in the selected Western Balkans.

Key performance indicators:

* Number of (in particular multi-country) investigations started and completed.

1. Number of cases of confiscated assets following (in particular multi-country/regional) co-operation.
2. Number of arrests of (returning) Foreign Terrorist Fighters (FTFs) and recruiters.

(2) Assumptions and conditions

The IISG coordination mechanism will have to be set up by Q32017. Its Terms of Reference, promotion and communication strategy, and a monitoring and evaluation framework, also applicable for the action representing piloting activities for the IISG Pillar II – Western Balkan Counter-Serious Crime initiative (WBCSCi), have to be set up by mid-2017 in order to be communicated to partners, to achieve support, awareness and to begin functioning.

The Beneficiaries should commit themselves to prioritize within their own organisations the objectives of the action. Furthermore, it is expected that the beneficiaries allocate budget for regional Joint Investigation Teams (JIT's), just as Eurojust has a budget to support JIT's. A special budget for travel, accommodation and translation could be a good stimulus to establish more regional JIT's. Furthermore, a budget for translations/interpretation should be guaranteed and the co-financing of the Liaison Officer’s/LM’s at Europol and Eurojust.

It is also expected that the Beneficiaries nominates a prosecutor (and if possible also a police officer) especially dedicated to (further) asset recovery, who will stimulate the use of all legal measures already in place for this. This person can be part of the Embedded Country Teams (ECT) and the advisors and experts on asset recovery and Asset Recovery Offices (ARO) issues.

The ECT staff should be placed in the appropriated offices at the Beneficiaries' administrations (the Organised Crime/Special Prosecution Offices and the respective police units).

Essential for the success of the project is that the beneficiaries guarantee access to files, access to information, all respecting the legal framework and constraints. It often remains a challenge getting the right statistical data (crime related, related to international judicial cooperation, etc.).

3) Implementation arrangements for the action:

(3)(a) Entity entrusted with budget implementation tasks

IndirectmanagementwiththeDeutsche Gesellschaft für Internationale Zusammenarbeit GmbH – GIZ.

Considering the Framework Administrative Agreement between the Commission and among others GIZ, who already managed the preceding project International Cooperation in Criminal Justice – Prosecutors‘ Network in the Western Balkans is well place to implement the bulk of the action.

(3)(b) Short description of the tasks entrusted to the entity

GIZ will carry out budget implementation tasks: procurement and grant award procedures and management of corresponding contracts and payments as well as directly implement activities. In the performance of the activities, GIZ will cooperate with implementing partners, in particular the Center for International Legal Cooperation, other EU MS agencies and the Police Cooperation Convention secretariat for South East Europe.

A Delegation Agreement will be concluded with GIZ for an EU contribution of EUR 13 million. In addition, GIZ will provide additional co-financing of the value of EUR 1.5 million.

(3)(c) Essential elements of the action for direct management:Direct management byDG NEAR D5

Grant - Direct grant award (Training and evaluation activities to the United National Office for Drugs and Crime (UNODC):

a)  Objectives and foreseen results: See above.

b)  Justification for the use of an exception to calls for proposals: The direct grant to UNODC is based on Article 190 (1) (f) for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power. The UNODC will be awarded the grant directly building on its mandate, strengths, presence and valuable previous expertise in the Western Balkans both in terms of the provision of training in financial investigations (done in cooperation with CEPOL) but also on evaluationusing its own unique methodology.

c)  Name of the beneficiary: UNODC.

d)  Indicative amount of the grant: EUR 2500 000.

e)  Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 95% of the total cost of the action.

f)  Indicative date for signing the grant agreement: Q3 2017.

Grant - Direct grant award(Training activities to the European Union Agency for Law Enforcement Training - CEPOL):

a)  Objectives and foreseen results:See above.

b)  Justification for the use of an exception to calls for proposals: The direct grant to CEPOL is based on Article 190 (1) (f) for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power. CEPOL will be awarded the grant directly building on its mandate, strengths and valuable previous expertise in the Western Balkans both in terms of the provision of training in financial investigations (done in cooperation with UNODC).

c)  Name of the beneficiary: CEPOL.

d)  Indicative amount of the grant: EUR 2 500 000.

e)  Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 100% of the total cost of the action. Full financing of the action is essential for the action to be carried out, since CEPOL is an EU Agency entirely funded by EU grants. The necessity for full EU funding will be further justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

f)  Indicative date for signing the grant agreement: Q3 2017.

Grant - Direct grant award (Deployment of Europol Liaison Officers to the Western Balkans):

a)  Objectives and foreseen results:The action will provide financial support to cover the costs related to the deployment of Europol’s Liaison Officers in the Region starting with a pilot deployment.

b)  Justification for the use of an exception to calls for proposals:The direct grant is based on Article 190 (1) (f) for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power. Europol will be awarded the grant directly building on its mandate, strengths and valuable previous expertise with the Western Balkans.

c)  Name of the beneficiary: Europol, the European Police Office.

d)  Indicative amount of the grant: EUR 2 000 000.

e)  Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 100% of the total cost of the action. Full financing of the action is essential for the action to be carried out, since Europol is an EU Agency entirely funded by EU grants. The necessity for full EU funding will be further justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

f)  Indicative date for signing the grant agreement: Q3 2017.

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| Action 10 | Systematic Exchange of Electronic Data ? SEED+ | Direct Management | EUR 4.8 million |

(1) Description of the action, objective, expected results and key performance indicators

Description of the action: The ***intervention*** logic of the proposed 'SEED+' action stems from the conclusions of the Vienna and Paris Western Balkan Summits (August 2015 and July 2016), within the wider framework of the Berlin Process, related to the development of trade facilitation measures and policies among the Western Balkans. Moreover, as mentioned, the establishment of an enhanced trade facilitation instrument at customs level, is a key element for the implementation of the Trade Facilitation Protocol under the Central European Free Trade Agreement(CEFTA). The maintenance of the current SEED will allow the CEFTA members to continue in the path of simplifying border crossing procedures with positive effects on flows of goods and services in the region. The proposed initiative will allow each of the participating Beneficiaries to continue the work on simplifying border procedures as defined at central level. The new phase of SEED will also address additional bottlenecks according to the needs expressed by participating Beneficiaries. The new features and developments which have been agreed among the CEFTA members, during the negotiations of the Trade Facilitation Agreement, will move in the direction of enhanced regional integration and improved harmonisation of procedures, expanding the scope of the existing system by involving non-custom related administrations.

Objective:To develop and implement the key technical (Information Communication Technology) tool – SEED+ in line with the provisions and actions agreed upon by CEFTA Parties in the framework of the regional Trade Facilitation Agreement (CEFTA Additional Protocol 5).

Expected results:SEED+ IT infrastructure is in place to support the implementation of the CEFTA Additional Protocol 5 on trade facilitation, enabling extended data exchange between CEFTA Parties; Regular and systematic data exchange between all institutions/governmental authoritiesand the Customs Authorities in the Beneficiaries established, in all CEFTA Parties; Operational instructions for all stakeholders drafted and adopted by all relevant institutions in all CEFTA Parties; Regional databases are developed, fed by relevant data and regularly updated.

Key performance indicators:

* Number of operational regional databases accessible to the public and for authorities (anonymously, as well as for authorised users);

1. MoU between non-custom agencies and custom authority are adopted;
2. Agencies IT systems are upgraded to allow data exchange with custom authority and SEED+;
3. Information flows between  Agencies IT systems and custom authorities are defined and in place.

(2) Assumptions and conditions

Protocol 5 is adopted and implemented. Exchange of info between customs and agencies operational; Smooth cooperation amongst public bodies involved in SEED+ in order to maintain and expand the scope of exchanged information; Eachrelevant administration remains committed to upgrade its own IT system in order to be able to meet the objectives of SEED+; Smooth flow of information through the CEFTA parties for fostering trade facilitation, amongst others via the implementation of risk management, the respect of the rules concerning intellectual property rights, SPS, TBT and in general terms, law enforcement; Skilled people are appointed to use and analyse data exchanged in the framework of SEED+.

(3)Implementation arrangements for the action: Direct management by DG NEAR A3

Procurement:

a)         theglobal budgetary envelope reserved for procurement: EUR 4.8 million.

b)         the indicative number and type of contracts:One service contract.

c)         indicative time frame for launching the procurement procedure: Q1 2018.

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| Action 11 | Support to CEFTA Secretariat | Direct Management | EUR 0.2 million |

(1) Description of the action, objective, expected results and key performance indicators

Description of the action:The action will be implemented following the conclusion of one direct grant agreement (operating grant) for one year duration (April 2018-March 2019)with the Secretariat of the Central European Free Trade Agreement (CEFTA Secretariat).The CEFTA Secretariat with its international core staff continues to support the CEFTA Structures in the implementation of CEFTA and coordinates the former with the implementation of the Integrated Growth Pillar of the SEE 2020 Strategy.

The EU contribution will complement the overall contribution provided to the Secretariat by CEFTA members and will be used to cover salaries and running costs of the CEFTA Secretariat in Brussels.

Objective:To continue supporting the Secretariat in its mandate of technical assistance provider for CEFTA members.

Expected results: Implementation of the CEFTA Agreement promoted; Enforcement of the decisions adopted by the CEFTA Structures to liberalise and facilitate trade strengthened.

Key performance indicators:

* Increase of intra-regional trade in goods;

1. Trade liberalization agenda implemented;
2. No. of Mutual Recognition Agreements signed and N. of Ministerial Decisions adopted to facilitate trade and liberalise trade in services.

(2) Assumptions and conditions

Main condition for the timely and successful implementation of the initiative is the full commitment by CEFTA members to continue working towards the objective of facilitating trade in the Western Balkans and, within this framework to well as to benefit from the role of the Secretariat as technical service provider.

3) Implementation arrangements for the action: Direct management byDG NEAR A3

Grant - Direct grant award(Support to CEFTA Secretariat):

* Objectives and foreseen results: See above.

1. Justification for the use of an exception to calls for proposals:The direct grant  (operating grant) with the CEFTA Secretariat is based on Article 190 (1)(f) of the Rules of Application on account of its technical competence and high degree of specialisation. Since 2001, regional trade policy in the region of South East Europe has been developed and implemented under the auspices of the Stability Pact’s Trade Working Group. With the entry into force of Central European Free Trade Agreement (CEFTA) in 2006 responsibility for facilitating, managing, monitoring and promoting trade relations was transferred to the CEFTA institutions. The Secretariat was established in 2007 through a CEFTA Joint Committee Decision and received the mandate to provide technical and administrative support to the Joint Committee, to any sub-committee, expert group or other body established by the Joint Committee so as to support the CEFTA Parties in the implementation of the CEFTA 2006 and of trade related components of the SEE 2020 Strategy.
2. Name of the beneficiary: CEFTA Secretariat.
3. Indicative amount of the grant: EUR 200 000.
4. Maximum rate of EU co-financing: The maximum possible rate of EU co-financing for this grant is 44 % of the eligible cost of the action.
5. Indicative date for signing the grant agreement: Q2 2018.

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| Action12 | EU Environment Partnership ***Programme*** for Accession (EPPA) | Direct Management | EUR 2.5 million |

(1) Description of the action, objective, expected results and key performance indicators

Description of the action:The action will provide technical assistance to IPA II beneficiaries with a view to supporting their progress towards the adoption and implementation of the EU environment acquis, as well as strengthening regional cooperation in the environmental field.

The action will target the areas identified as having the biggest potential for progress with concrete deliverables. These include waste, water, air quality and industrial pollution, nature and biodiversity, combating illegal trade in timber and wildlife, as well as compliance checks of legislation.

It seeks to complement the work carried out under the Environment and Climate Regional Accession Network (ECRAN) and to foster regional cooperation in new areas of interest to the EU. An important dimension of the action is the ***planned*** close collaboration and exchange with EU Member States' experts, as it also focuses on areas of ***intervention*** with impact on the EU as a whole and on EU citizens.

Objective:To foster and strengthen regional cooperation in the Western Balkans and Turkey in policy areas with a trans-boundary character such as waste management, nature protection, biodiversity, air quality, industrial pollution, and water management

Expected results:(1) Information provided to the environmental ministries and other relevant public administration institutions on the latest policy priorities in the environmental policy area; (2) Capacity building and technical expertise to IPA II beneficiaries provided for the preparation of waste management ***plans***, the development of policies and the revision of legislation in line with EU waste priorities; (3) Regional cooperation in trans-boundary water management and protection of the marine and coastal environment facilitated; (4) The capacity to address trans-boundary air quality issues and to further the alignment to the air quality legislation strengthened; (5) Regional cooperation in managing trans-boundary nature protection, marine and coastal matters facilitated; (6) Regional cooperation for combating illegal timber trade facilitated; (7) Regional cooperation for combating wildlife trafficking facilitated; (8) Compliance checks for draft legislation prepared.

Key performance indicators:

* Trans-boundary issues in waste, nature protection, biodiversity conservation, air pollution, industrial pollution and water management sectors  managed by the beneficiaries regionally;

1. Progress in aligning with the waste, water, and air legislation;
2. Progress in combating trade in illegal timber;
3. Progress in combating wild fauna and flora trafficking.

(2) Assumptions and conditions

Political support for alignment with the EU acquis.Availability of the Beneficiaries to actively participate in the events organised in the framework of the action and to provide expected deliverables before each event. Concrete deliverables will also require investments by IPA II beneficiaries and therefore a commitment from their side to follow up the capacity building and the regional cooperation initiatives with concrete investments will be necessary for the success of the action.

(3) Implementation arrangements for the action: Direct management byDG ENV F2.

Procurement:

* the global budgetary envelope reserved for procurement: EUR 2.5 million.

1. the indicative number and type of contracts: one service contract.
2. indicative time frame for launching the procurement procedure: Q3 2017.

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| Action 13 | EU Support for Climate Action in IPA II beneficiaries ? Transition towards the low emissions and climate-resilient economy | Direct Management | EUR 2 million |

(1) Description of the action, objective, expected results and key performance indicators

Description of the action:The action aims to continue the support to the implementation of the 2015 Paris Agreement on Climate Change in the Western Balkans and Turkey and help their transition towards the low emissions and climate-resilient economy. IPA II beneficiaries are now in process of ratification of the Agreement and ***planning*** for the implementation of their contributions to it.Subsequently, the action will support the Beneficiaries’ efforts, which have already started through a previous bridging IPA II Multi-country ***Programme*** 2016 action, but will also continue climate actions carried out through the multi-annual Environment and Climate Regional Accession Network (ECRAN) project (2013-2016).The technical assistance will be of paramount importance in supporting climate policy and legislative development across sectors, as well as an increased climate mainstreaming that will allow IPA II beneficiaries to fulfil their international and the EU accession requirements.

Objectives:To support the Beneficiaries to build their capacity for the implementation of the 2015 Paris Climate Agreement and for the development of low emissions and climate resilient economies; To enhance the regional exchange of information, best practices, peer-to-peer reviews, experience and awareness-raising between the IPA II beneficiaries and between IPA II beneficiaries and the Member States towards the implementation of Beneficiaries' commitments under the Paris Climate Agreement.

Expected results:(1) Regional awareness on the outcomes and provisions of Paris Agreement and the legislative proposals under the 2030 Climate and Energy Framework and Energy Union Strategy increased; (2) Upgrades of domesticGreenhouse gas (GHG) monitoring and reporting practices supported by the Regional GHG inventory web portal maintained; (3) Strengthening the monitoring, reporting, accreditation and verification (MRAV) requirements targeted atoperators, authorities andverifiers under the EU Emissions Trading System (ETS); (4) Regional and domestic adaptation actions strengthened through a shift from knowledge transfer to implementing action through on-hands training and close cooperation with European Environment Agency (EEA) and regional cooperation with Mayors Adapt promoted; (5) Compliance checks of selected legislative acts performed.

Key performance indicators:

* Number of workshops and/or high-level dialogues raising held between the IPA II beneficiaries and the EU;

1. Number of civil servants in the workshops/high-level dialogues;
2. GHG Inventory Reports for EEA /United Nations Framework Convention for Climate Change (UNFCCC) submitted;
3. Number of guidelines for operators/authorities/verifiers on monitoring and reporting and accreditation and verification drafted.

(2) Assumptions and conditions

The IPA II beneficiaries have ratified the 2015 Paris Agreement. The Agreement entered into force on 4 November 2016, in accordance with article 21(1): The Agreement enters into force on the thirtieth day after the date on which at least 55 Parties to the Convention accounting in total for at least an estimated 55 per cent of the total global greenhouse gas emissions have deposited their instruments of ratification, acceptance, approval or accession. Currently the Agreement has 197 signatories and 133 parties. More information about the ratification and entry into force of the Agreement can be obtained on the UNFCCC website.

(3) Implementation arrangements for the action: Direct management byDG CLIMA A1.

Procurement:

* the global budgetary envelope reserved for procurement: EUR 2 million.

1. the indicative number and type of contracts: one service contract.
2. indicative time frame for launching the procurement procedure: Q3 2017.

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| Action14 | EU-World Bank/GFDRR Western Balkans Disaster Risk Management ***Program*** | Direct Management | EUR 3 million |

(1) Description of the action, objective, expected results and key performance indicators

Description of the action:In the Western Balkans, a much-needed regional approach on flood risk management is not sufficiently addressed due to the lack of framework or institution dealing with this specific purpose. The proposed action will address a mix of IPA II policy areas to enhance the capacities of IPA II beneficiaries in the Western Balkans for disaster risk reduction (DRR) and will identify options for a regional framework for understanding and sharing disaster risk information as well as promoting Disaster Risk Management (DRM). By strengthening IPA II beneficiaries' capacities, establishing data collection and sharing systems, and institutionalising regional cooperation, the activities will support the development of climate-resilient economies.

Objective:To contribute to reduce existing disaster risks and avoid the creation of future disaster risks in the Western Balkans.

Expected results:(1) Increased regional cooperation for understanding and sharing risk information as well as promoting DRM; (2) Beneficiaries are supported and trained to conduct post-disaster assessments and formulate resilient recovery frameworks; and (3) Enhanced institutional capacity for DRM in selected Beneficiaries including on identification of no-regret measures and prioritised investments based on risk information.

Key performance indicators:

* Extent to which a concept of a regional framework for sharing risk information is developed;

1. Number of post disaster needs assessment conducted and recovery frameworks formulated by beneficiaries.
2. Number of proposals developed for the Western Balkans Investment Framework (WBIF).

(2) Assumptions and conditions

There are no prior requirements to the action as it will be directly implemented by the World Bank/Global Facility for Disaster Reduction and Recovery (GFDRR). The action aims at working directly with already existing central entities in order to put in place an efficient framework for DRM at regional level and in selected Beneficiaries. However, ensuring strong commitment from the central authorities on the DRM objectives supported by the action will be of the essence. As such, and as an illustration it will be important to ensure that the recommendations provided in the recent Post-disaster Needs Assessments-PDNAs (Serbia, Bosnia and Herzegovina, Albania and the former Yugoslav Republic of Macedonia) in particular in the area of early warning and disaster risk management are adhered to and implemented.

(3) Implementation arrangements for the action: Direct management byDG NEAR D5

Grant - Direct grant award (implemented through an Administration Agreement concluded under direct management, with funds channelled through a Bank Executed Trust Fund)(EU-World Bank/GFDRR Western Balkans Disaster Risk Management ***Program***)

* Objectives and foreseen results: See above.

1. Justification for the use of an exception to calls for proposals:  The direct grant to the World Bank is based on Article 190 (1) (f) of the Rules of Application on account of its technical competence, its high degree of specialisation or its administrative power. The World Bank is best placed to be awarded the grant due to their leading role in supporting Western Balkans’ governments to address flood risk management at both regional and IPA II beneficiarylevel. The Bank's portfolio and expertise also extends to other disaster risks, like landslides, and earthquakes. In the wake of the 2014 floods, the cooperation deepened between the World Bank's GFDRR and the EU Delegations in Serbia and Bosnia and Herzegovina, as well as with the European Commission headquarters in Brussels.By operating through the World Bank, GFDRR is able to leverage the Bank’s convening power, technical expertise and financing capacity which have yielded major results in scaling up DRM investments and enhancing DRM policy dialogue.
2. Name of the beneficiary: World Bank's Global Facility for Disaster Reduction and Recovery (GFDRR).
3. Indicative amount of the grant: EUR 3 000 000.
4. Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 100% of the total cost of the action. In accordance with Article 192 of the Financial Regulation, for EU visibility reasons, it is essential that the EU is the sole donor for the action.
5. Indicative date for signing the grant agreement: Q3 2017.

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| Action 15 | Triple-P Tourism in SEE: Promotion, Policy, and Pilots | Direct Management | EUR 5 million |

(1) Description of the action, objective, expected results and key performance indicators

Description of the action: The action aims to support South Eastern Europe’s (SEE) tourism sector growth by developing and promoting internationally joint regional tourism offer for international travellers, whilst addressing the main barriers and challenges to sector development through targeted policy ***interventions***, and assist implementation of pilot projects across the SEE economies that will work in support of the regional tourism products. These efforts and activities will be framed within the context of the SEE 2020 strategy and the Economic Reform ***Programmes*** (ERPs), and will strive to address the main needs detected both on the regional and centrallevels.

Objective:To increase employment and sustainability of SEE economies through regional tourism development.

Expected results: Joint regional tourism offers for international travellers prepared and promoted internationally, with pertaining branding and marketing action ***plans*** developed and implemented; Barriers and challenges to regional tourism development addressed through targeted policy ***interventions***; Pilot projects implemented supporting regional tourism products.

Key performance indicators:

* Number of regional tourist routes/products developed;

1. Number of reform proposals developed in accordance with the better regulation approach and implemented;
2. Number of pilot projects implemented.

(2) Assumptions and conditions

Main condition for the timely and successful implementation of the action is the full commitment by the involved stakeholders to implement the concrete activities and policy reforms agreed on the regional level.

(3) Implementation arrangements for the action: Direct management by DG NEAR D5

Grant - Direct grant award(Triple-P Tourism in SEE: Promotion, Policy, and Pilots):

a)   Objectives and foreseen results: see above.

b)   Justification for the use of an exception to calls for proposals:The action will be implemented following the award of a direct grant to the RCC Secretariat. The direct grant is based on Article 190 (1)(f) of the Rules of Application, on account of its administrative power.The RCC provides the only viable “administrative power” at the Western Balkans Six (WB6) regional level (which is also being reinforced as an EU policy objective), upon the mandate of the IPA II beneficiaries and of EU. The action – to compile a regional value chain in the WB6 tourism industry - is a WB6 regional-level action.  Given lack of alternative structures for such actions, the RCC is the only option to manage such an action with public and private sector in the region, with access to all stakeholders, e.g centraltourism bodies, other tourism public bodies at various levels, municipalities and private operators. Given the nature of the action - to develop a new WB6 tourism policy to address constraints in developing and rolling-out the regional tourism products - it is not possible for any other outfit to combine these elements at WB6 regional level in an effective manner (“administrative power”). To develop pilot projects to support small-scale projects in the local community(ies) on the tourist routes through the region, aiming to improve tourist infrastructure and services – this is only possible by collaboration of all public sector levels (and notably local municipalities in often problematic areas), and cannot be achieved without the specific competence of the RCC, given the specific nature of WB6 situations.

c)   Name of the beneficiary: Regional Cooperation Council Secretariat.

d)   Indicative amount of the grant: EUR 5 000 000.

e)   Maximum rate of EU co-financing: The maximum possible rate of EU co-financing for this grant is 95 % of the eligible cost of the action. The action envisions mobilizing additional funding from the publicsources/private sector dedicated to tourism development.

f)   Indicative date for signing the grant agreement: Q3 2017.

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| Action 16 | EU support to the Transport Community Treaty Secretariat | Direct Management | EUR 1 million |

(1) Description of the action, objective, expected results and key performance indicators

Description of the action:The Transport Community Treaty (TCT) with South East European parties is a key instrument that supports – through the establishment of a Secretariat – the accession process (acquis implementation), the Western Balkans Six (WB6) initiative, as well as the infrastructure (Trans-European Transport Network -TEN-T) implementation in the Western Balkans.

The TCT represents for the Western Balkans a 'game changer' and the Secretariat the main tool to support the implementation of the connectivity reforms measures aiming at improving the efficiency of the overall Western Balkans transport system.

In accordance with Article 121(2)(d) of the Financial Regulation (FR), the Union may subscribe to bodies of which it is a member in the form of contributions which do not constitute grant with the meaning of the FR. Therefore, the Union may finance the Transport Community (TC) on the basis of EU annual contribution to its budget under the double conditionality of the Treaty having entered into force and the Union being a member of the TC.Based on Article 173 of the Rules of Application (RAP), subscriptions shall be paid in accordance with the budgetary decisions and the conditions of payment established by the body concerned. Therefore, there is no need to justify the retroactive coverage of costs/expenditure incurred before the implementation of the TC Treaty (TCT). The European Commission's subscription will cover the agreed budget without further conditions, as long as these costs are budgeted for by the TCT Secretariat.

Objective:To meet 2017 EU commitment as member of the Transport Community.

Expected results:Implementation of the EU acquis in transport; Identification and monitoring of infrastructure project priorities; Implementation of Connectivity Reforms Measures.

Key performance indicators:

* Degree of progress in integrating South East Europe into the European Transport market (reform and acquis implementation);

1. Number of Directives/Regulation fully transposed and implemented;
2. Number of Connectivity Reform Measures implemented;
3. Number of new projects implemented.

(2) Assumptions and conditions

The action will be implemented when the TCT enters into force pursuant to its Article 41.

(3) Implementation arrangements for the action: Direct management by DG MOVE

EU subscription to the Transport Community for the year 2017:

a)   Objectives and foreseen results:See above.

b)   Name of the beneficiary: Permanent Secretariat of the Transport Community Treaty.

c)   Indicative amount of the contribution: EUR 1 000 000.

d)   Maximum rate of EU co-financing: 80% of the budget of the Permanent secretariat according to Annex V of the Transport Community Treaty.

Regional investment support

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| Action 17 | The Western Balkan Enterprise Development and Innovation Facility(WB EDIF) Competitiveness, Guarantees, Venture Capital Ecosystem | Indirect Management | EUR 28 million |

(1) Description of the action, objective, expected results and key performance indicators

Description of the action: The Western Balkans Enterprise Development and Innovation Facility (EDIF) was launched in December 2012 in response to the demand for enhanced private sector financing in the region, in particular for the innovative and high-potential Small and Medium Sized Enterprises (SMEs). Via EDIF’s two equity funds, a newly created lending component, a guarantee facility and a technical assistance pillar, the current action will support the private sector development in the Western Balkans as an engine for growth, jobs creation and economic integration. This action has three components/activities: 1) EBRD Competitiveness ***Programme*** to operationalise the EDIF Lending Pillar; 2) Top up of the EDIF Guarantee Facility II by also introducing incentives for youth employment; and 3) Entrepreneurial Capacity Building Action.

Objective:To unleash the potential for SMEs development competitiveness and job creation in the Western Balkans by complying with EU and international standards.

Expected results: (1) Improved SME access to financing towards EU standards investments; (2) Improved SME Access to credit for job creation, with special focus on youth; (3) Increased regional investment readiness and entrepreneurial capacity through systematically delivered direct advisory assistance linked to access to finance measures.

Key performance indicators:

* Volume of EBRD lending to participating financial institutions for on-lending to SMEs;

1. Number of sub-loans supporting the certification or upgrade of the SME to specific EU standards;
2. Number of SMEs benefiting from the credit;
3. Youth employment jobs, vocational training created;
4. Number of entrepreneurs that improve their investment readiness scores.

(2) Assumptions and conditions

The main condition that has to be in place for an effective and timely implementation of the action is related to the need of building consensus among main stakeholders (e.g , governments officials, donors, entrepreneurs, investors, business services providers and multilateral organizations) that the proposed ***programmes*** are key priority in the region.

The absorption capacity in the region regarding the measures to be offered is very important. The partners will work together with the beneficiaries as to guarantee that the support provided is needed, corresponds to the actual needs and will be adapted accordingly if need be and within the scope if the actions.

(3) Implementation arrangements for the action:

(3)(a) Entity entrusted with budget implementation tasks

The three proposed activities under this ***programme*** are continuation or upgrading of successful ongoing ***programmes*** under EDIF, therefore the entrusted entities of the current EDIF-funded ***programmes*** will also ensure the respective follow-up activities proposed under this action document. The choice for entrusted entities lies in their comparative advantages for performing the specific tasks, presence in the region and expertise. The award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action. The financial and the operational capacity of the entrusted entities were taken into account.

(3)(b) Short description of the tasks entrusted to the entity

The implementation of the Regional Competitiveness ***Programme*** (EUR 15 million) will be done through a financial instrument covered by a Delegation Agreement with the EBRD. The funding provided to EBRD under this action will cover the financial allocations to SMEs (through local intermediaries). Hence, EBRD will be delegated budget implementation tasks to disseminate the funding in accordance with their rules and procedures. A Framework Agreement was signed between EU and EBRD in 2015.

The Guarantee Facility is a financial instrument, hence in accordance with Title VIII of the Financial Regulation, for the new contribution of EUR 10 million with Youth component, the European Commission will either sign a new Delegation Agreement with EIF[3], indirect management; or use the existing Delegation Agreement with EIF for the current Guarantee Facility. By the decision of the WBIFSteering Committee of December 2011, EIF was appointed the Manager of the Enterprise Development and Innovation Facility (EDIF), Guarantee Facility. Subsequently, the Fiduciary and Management Agreement was signed between ex-DG ELARG and EIF in December 2012 EIF will continue to perform the implementation tasks delegated to it with the previous contracts.

For the contribution of EUR 3 million to the Entrepreneurial Capacity ***programme***(a follow up of World Bank’s Venture Capital Ecosystem Development), the European Commission and the World Bank Group (WBG) will sign an Administration Agreement (A Framework Agreement between EU and the WBG was signed in 2016). The WBG will be delegated budget implementation tasks to disseminate the funding in accordance with their rules and procedures. TheWorld Bank will design and evaluate the ***program*** but will also select an agency to be responsible for implementing the new ***program***: through an award of a service contract following the World Bank's procurement rules.

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| Action 18 | IFI Coordination Office (IFICO) | Direct Management | EUR 6 million |

(1) Description of the action, objective, expected results and key performance indicators

Description of the action: The action will continue to finance technical, administrative, visibility and communication support provided by the IFI Coordination Office (IFICO) to the WBIF Secretariat, governing bodies, and the WBIF beneficiaries.The WBIF Secretariat has been effectively supported by the IFICO since February 2010. The action will ensure continuation of efficient coordination support to the day-to-day functioning of the WBIF Secretariat and coordination of communication and visibility among all WBIF stakeholders involved in the Western Balkans.The action will also provide flexible and relevant technical assistance to the NIPACs and line Ministries in the Western Balkans, in particular to support them in implementing the connectivity agenda.

Objective:Support the WBIF stakeholders (via IFICO) to achieve a coordinated approach towards investment policy in the IPA II beneficiaries.

Expected results: (1) Beneficiaries enabled to identify a pipeline of priority investments to be funded by IFIs, the European Commission and bilateral donors; (2) Strengthened cooperation, communication and policy coordination amongst WBIF stakeholders in developing and implementing priority investments in the Western Balkans; (3) Enhanced functioning of the WBIF throughout the entire project cycle from project identification to realisation of the investments supported by the WBIF; (4) Improved visibility and communication among all WBIF stakeholders. Greater public awareness of the assistance being provided by the WBIF financiers.

Key performance indicators:

* Number of fully operational 'National Investment Committees' (or equivalent institution) established and operating, including updated Single Project Pipeline in all beneficiaries;

1. Technical and administrative support provided to the WBIF Secretariat and Stakeholders;
2. Number of calls for project proposal organised.

(2) Assumptions and conditions

No particular conditions to be signalled at this stage.

(3)Implementation arrangements for the action: Direct management by DG NEAR D5

Procurement:

* the global budgetary envelope reserved for procurement: EUR 6 000 000.

1. theindicative number and type of contracts: One service contract.
2. indicative time frame for launching the procurement procedure: Q1 2017.

|  |  |  |  |
| --- | --- | --- | --- |
| Action 19 | Regional Housing ***Programme*** (RHP) (Sarajevo Process) Phase 2 | Direct management (EUR 0.2 million) /Indirect Management (EUR 44.8 million) | EUR 45 million |

(1) Description of the action, objective, expected results and key performance indicators

Description of the action: The action reflects a further step towards the delivery of the EU pledge to the Regional Housing ***Programme*** (RHP) made in 2012. It will support a new series of sub-projects in particular in Bosnia and Herzegovina and Serbia, through a contribution to the RHP Fund for housing grant subsidies, and through provisions for technical assistance and support to the operating costs of the present RHP implementing structures. It will also support continued regional dialogue among RHP stakeholders. Embedded in the context of the Sarajevo Process, the RHP aims to make a substantial contribution to the satisfactory resolution of the protracted problem of the remaining refugees and displaced persons in Bosnia and Herzegovina, Croatia, Montenegro and Serbia (partner countries). As per its original scope, it aims at providing durable housing solutions for about 27,000 households (74,000 individuals). The present contribution is expected to enable the provision of approximately 1470 housing units.

Objective:To enable the provision of a further batch of housing solutions for vulnerable refugees and displaced persons, primarily in Bosnia and Herzegovina and Serbia, and to enable a continued regional cooperation and confidence building.

Expected results: (1) Approximately 1000 housing solutions provided in Serbia and 470 in Bosnia and Herzegovina; (2) Increased capacity of partner countries RHP implementing structures to effectively manage and report on the RHP funds according to European standards, including managing beneficiary selection and sustainability; (3) Effective regional dialogue and participatory steering of the Regional Housing ***Programme*** is ensured;(4) Effective management  of the RHP Fund ensured; (5) Stakeholders have access to an independent evaluation of the RHP performance and sustainability; and (6)  RHP Stakeholders have developed an RHP exit strategy.

Key performance indicators:

* Number of housing solutions provided to vulnerable refugees and displaced persons in Serbia and in Bosnia and Herzegovina.

(2) Assumptions and conditions

It is assumed that the international community stays committed to help the region finding appropriate solutions to the protracted problem of the remaining refugees and displaced persons by honouring their pledges to the fund to the ***programme*** overall.

Furthermore, it is assumed that all partner countries stay committed to completing the Sarajevo Process and provide sufficient resources to run a coherent mechanism to steer, supervise and control the implementation of their country housing ***programmes***.

A further assumption for the fulfilment of the RHP's objective of durable housing solutions is that partner countries ensure the long-term sustainability of the housing solutions, through integration of the end-beneficiaries into the local communities. This aspect is partly but not fully tackled by the action and remains a fundamental factor that will eventually condition its success.

(3)Implementation arrangements for the action:

(3)(a) Entity entrusted with budget implementation tasks

At the outset of the RHP, the management of the RHP Fund and the Technical Assistance to the partner countries was assigned to the Council of Europe Development Bank (CEB). Over the past 5 year the CEB has implemented the ***programme*** in a manner which is leading to the achievement of the expected results.

The CEB carries out several tasks in relation to the RHP:

* as Secretariat, it facilitates coordination between stakeholders and reports on operational activities

1. as Fund Manager, it manages Donor contributions and reports on financial activities
2. as Finance Institution, it assists Partner Countries in implementing the ***Programme***, including overseeing Technical Assistance.

The RHP was set up in line with an agreed division of labour between the four involved partner countries and their institutions, the fund manager CEB, the key international agencies (UNHCR and OSCE) involved in monitoring the beneficiary selection, and the participating donors. In each country, several institutions are involved such as Ministries, Project implementation units and hundreds of municipalities.

International donations are paid into a designated RHP Fund, managed by the CEB. The Fund provides grants to the Partners Country Housing ***Programmes*** (CHPs) for implementation of sub-projects for provision of housing units

In parallel to its support to the RHP Fund, the European Commission has dedicated additional resources to support the effective implementation of the ***programme***, via technical assistance, operating grants to the PIUs, and coverage of various administrative costs related to the ***programme***.

The CEB fully complies with the tasks it has been given and continued implementation of the RHP under the current set-up is considered the most effective way to complete the delivery of the EU pledge. This will allow maintaining the standard of delivery, further speed up implementation and effectively address the challenges of this ***programme***.

(3)(b) Short description of the tasks entrusted to the entity

It is foreseen to sign one Delegation agreement under indirect management with the CEB, in Q42017, making a contribution to the RHP Fund for a total amount of EUR 30 million. Within this contribution, a management fee will be deducted. Two thirds of the remaining amount will be earmarked for Serbia and one third for Bosnia and Herzegovina. This contract will involve the following budget implemention tasks:

-Disbursement of investment grants; the CEB will commit and disburse these funds in the form of investment grants to the RHP participant Partner Countries. Each Grant will correspond to and will be financing a specific and well defined Country Housing Subproject. The Grant agreements will be signed between CEB and the Partner Country after the relevant decision by the RHP Assembly of Donors;

-Operation of the RHP Secretariat; and,

- Administration and management of the RHP Fund.

It is foreseen to sign one Delegation agreement under indirect management with the CEB, in Q4 2017 for a total amount of EUR 14.8 million. This contract will involve the following budget implemention tasks:

- Technical assistance and operating support for the effective implementation of the Country Housing Projects; and,

- Development of an exit strategy.

(3)(c) Essential elements of the action for direct management: Direct management by DG NEAR D5

Procurement: (independent evaluation of the ***programme***)

* the global budgetary envelope reserved for procurement: EUR 200 000.

1. theindicative number and type of contracts: One specific contract under a framework contract.
2. indicative time frame for launching the procurement procedure:Q3 2018.

Territorial Cooperation

|  |  |  |  |
| --- | --- | --- | --- |
| Action 20 | Cross-Border Institution Building (CBIB+) ? Phase III | Direct Management | EUR 2 million |

(1) Description of the action, objective, expected results and key performance indicators

Description of the action: CBIB+ is the regional technical assistance towards management structures of IPA II cross-border cooperation within the Western Balkans. Its goal is to enhance regional coordination and harmonisation of approaches and mechanisms in line with EU frameworks in the area of territorial cooperation.The expected outcome of Phase III of CBIB+ is more effective and efficient implementation of CBC ***programmes*** as well as a stronger impact of CBC ***programmes*** at regional level.The main benefit for the IPA II beneficiaries will be socio-economic development of cross-border areas resulting in an increased quality of citizens' lives. It will also provide advantages at EU level; i.e enhanced reconciliation and good neighbourly relations in the region, thereby contributing to peace and stability in a wider Europe.

Objective:To support the implementation of IPA II CBC ***programmes*** in an efficient, effective, harmonized, coordinated and results based way.

Expected results: (1)Enhanced  networking and cross-border management capabilities between CBC stakeholders in the Western Balkans; (2) Best practice culture and sharing of experiences promoted; (3) Capacity of IPA II relevantauthorities to ***programme***, manage, implement, monitor and report IPA II ***programmes*** strengthened; (4) IPA II CBC ***programmes***' monitoring enhanced through a streamlined performance measurement methodology; and (5) Visibility of IPA II CBC at intra-Western Balkan borders strengthened.

Key performance indicators:

* Duration of the evaluation of project proposals and contracting phase;

1. % of CBC projects successfully implemented;
2. Number of individual requests by the managing structures.

(2) Assumptions and conditions

The implementation of CBC ***programmes*** at intra Western Balkans level requires the following main conditions: (1) In July 2015, the 2015-2017 Action ***Programmes*** were adopted. Therefore, new Action ***Programmes*** need to be adopted in 2018 for the allocations 2018-2020; (2) The above is only partially valid for the ***Programmes*** Serbia - the former Yugoslav Republic of Macedonia which was adopted in 2016 only; thus, there is a need for ***programming*** alignment for all CBC ***Programmes***; (3) In order to make the yearly allocation available for operations, the yearly tripartite Financing Agreements between the European Commission and the two relevant IPA II beneficiaries must be signed and ratified on time.

(3) Implementation arrangements for the action: Direct management by DG NEAR A4

Procurement:

* the global budgetary envelope reserved for procurement: EUR 2 000 000.

1. theindicative number and type of contracts: One service contract.
2. indicative time frame for launching the procurement procedure: Q1 2018.

Provision applying to all grants under section 2.2:The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

* Budget

* Indicative budget table – Multi Country Action ***Programme***

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| CRIS/ABAC Decision number | Management Mode | Entrusted Entity | Max. EU Contribution (EUR) | Indicative Co-financing (EUR) | Entity providing  co-financing | TOTALS (EUR) | Commission Implementing Unit |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  | Horizontal support |  |  | 45500 000 | 3 197 822 |  | 48 697 822 |  |  |
| 039-402 | Action 1-Regional Training and Support ***Programme*** to improve Quality and Professionalism inJournalism | DM |  | 2 000 000 | 222 000 | grant beneficiaries | 2 222 000 | NEAR D5 |  |
| SI2.757504 | Action 2 - Western Balkans Youth Window under Erasmus + | DM |  | 3 000 000 | \*600 000 | grant beneficiaries | 3 600 000 | Co-delegation  to EACEA |  |
| 039-873 | Action 3 - Statistics | DM |  | 14 000 000 | 315 700 | NSIs | 14 315 700 | Cross sub-delegation to ESTAT |  |
| 039-402 | Action 4 - Support for Improvement in Governance and Management (SIGMA) in the Western Balkans and Turkey | DM |  | 15 000 000 | 306 122 | OECD | 15 306 122 | NEAR A3 |  |
| 040-009 | Action 5 - International assessment for mathematics and science testing in primary education (TIMSS) | DM |  | 1 500 000 | 0 |  | 1 500 000 | Cross sub-delegation to EAC |  |
| 039-402 | Action 6? EU Integration Facility | DM/IM | British Council | 5 000 000 | 1 577 000 | TI/PSD/RYCO | 6 577 000 | NEAR D5/NEAR A3 |  |
| 039-402 | Action 7 - Regional support to protection-sensitive migration management systems in the Western Balkans and Turkey -  PHASE II | DM |  | 5 000 000 | 177 000 | IOM | 5 177 000 | NEAR D5 |  |
|  | Regional structures and networks |  |  | 41 500 000 | 3 139 000 |  | 44 639 000 |  |  |
| 039-402 | Action 8 - EU Regional Action for Roma  Education | DM |  | 3000 000 | 750 000 | REF | 3 750 000 | NEAR D5 |  |
| 039-402 | Action 9 - Support to the Western Balkan Integrative Internal Security Governance | DM/IM | GIZ | 20 000 000 | 1 625 000 | GIZ/UNODC | 21 625 000 | NEAR D5 |  |
| 039-402 | Action 10 - Systematic Exchange of Electronic Data ? SEED+ | DM |  | 4 800 000 | 0 |  | 4 800 000 | NEAR A3 |  |
| 039-402 | Action 11-Support to CEFTA Secretariat | DM |  | 200 000 | 254 000 | CEFTA | 454 000 | NEAR A3 |  |
| 039-874 | Action 12 - EU Environment Partnership ***Programme*** for Accession (EPPA) | DM |  | 2 500 000 | 0 |  | 2 500 000 | Cross sub-delegation to ENV |  |
| 039-875 | Action 13 -EU Support for Climate Action in IPA II beneficiaries ? Transition towards the low emissions and climate-resilient economy | DM |  | 2 000 000 | 0 |  | 2 000 000 | Cross sub-delegation to CLIMA |  |
| 039-402 | Action 14 -EU-World Bank/GFDRR Western Balkans Disaster Risk Management ***Program*** | DM |  | 3 000 000 | 0 |  | 3 000 000 | NEAR D5 |  |
| 039-402 | Action 15 - Triple-P Tourism in SEE: Promotion, Policy, and Pilots | DM |  | 5 000 000 | 260 000 | National sources/private sector | 5 260000 | NEAR D5 |  |
| 040-405 | Action 16 - EU support to the Transport Community Treaty Secretariat | DM |  | 1 000 000 | 250 000 | Other donors | 1 250 000 | Cross sub-delegation to MOVE |  |
|  | Regional investment support |  |  | 79 000 000 | 0 |  | 79 000 000 |  |  |
| 039-402 | Action 17 - The Western Balkan Enterprise Development and Innovation Facility(WB EDIF) Competitiveness, Guarantees, Venture Capital Ecosystem | IM | EBRD, EIF, WBG | 28 000 000 | 0 |  | 28 000 000 | NEAR D5 |  |
| 039-402 | Action 18 ? IFI Coordination Office (IFICO) | DM |  | 6 000 000 | 0 |  | 6 000 000 | NEAR D5 |  |
| 039-402 | Action 19- Regional Housing ***Programme*** (RHP) (Sarajevo Process) 4th phase | DM/IM | CEB | 45 000 000 | 0 |  | 45 000 000 | NEAR D5 |  |
|  | Territorial Cooperation |  |  | 2 000 000 | 0 |  | 2 000 000 |  |  |
| 039-402 | Action 20 - Cross-Border Institution Building (CBIB+) ? Phase III | DM |  | 2 000 000 | 0 |  | 2 000 000 | NEAR A4 |  |
|  | TOTALS |  |  | 168 000 000 | 6 336 822 |  | 174 336 822 |  |  |
|  |  |  |  |  |  |  |  |  |  |
| by CRIS/ABAC Decision | Max. EU Contribution | Indicative Co-financing | Total |  |  |  |  |  |  |
| 039-402 | 144 000 000 | 5 171 122 | 149 171 122 |  |  |  |  |  |  |
| 039-873 | 14 000 000 | 315 700 | 14 315 700 |  |  |  |  |  |  |
| 039-874 | 2 500 000 | 0 | 2 500 000 |  |  |  |  |  |  |
| 039-875 | 2 000 000 | 0 | 2 000000 |  |  |  |  |  |  |
| 040-009 | 1 500 000 | 0 | 1 500 000 |  |  |  |  |  |  |
| 040-405 | 1 000 000 | 250 000 | 1 250 000 |  |  |  |  |  |  |
| SI2.757504 | 3 000 000 | 600 000 | 3 600 000 |  |  |  |  |  |  |
| Total ***programme*** | 168 000 000 | 6 336 822 | 174 336 822 |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| DM - Direct management;  IM ? Indirect management; \* The grant is a combination of unit costs and  portion of eligible costs. The specific financial rules are outlined in the Erasmus+ ***Programme*** Guide |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |

* Implementation modalities and General rules for procurement and grant award procedures

direct management:

Part of this ***programme*** shall be implemented by direct management by the European Commission in accordance with article 58(1)(a) of the Financial Regulation and the corresponding provisions of its Rules of Application.

Procurement shall follow the provisions of Part Two, Title IV Chapter 3 of the Financial Regulation No 966/2012 and Part Two, Title II, Chapter 3 of its Rules of Application.

Grant award procedures shall follow the provisions of Part Two Title IV Chapter 4 of the Financial Regulation No 966/2012 and Part Two Title II Chapter 4 of its Rules of Application.

Under the Financial Regulation, Parts One and Three of the Financial Regulation and its Rules of Applicationshall apply to external actions except as otherwise provided in Part Two,  Title IV.

The European Commission may also use servicesand supplies under its Framework Contracts concluded following Part One of the Financial Regulation.

indirect management:

Part of this ***programme*** shall be implemented by indirect management with entrusted entities other than the IPA II beneficiary in accordance with Article 58(1)(c) of the Financial Regulation and the corresponding provisions of its Rules of Application.

The general rules for procurement and grant award procedures shall be defined in the relevant delegation agreements between the Commission and the entrusted entity implementing such action.

* performance Monitoring arrangements

As part of its performance measurement framework, the European Commission shall monitor and assess progress towards achievement of the specific objectives set out in the IPA II Regulation on the basis of pre-defined, clear, transparent measurable indicators. The progress reports referred to in Article 4 of the IPA II Regulation shall be taken as a point of reference in the assessment of the results of IPA II assistance.

The European Commission will collect performance data (process, output and outcome indicators) from all sources, which will be aggregated and analysed in terms of tracking the progress versus the targets and milestones established for each of the actions of this ***programme***, as well as the Multi- Country Indicative Strategy Paper.

In the specific context of indirect management by IPA II beneficiaries, National IPA Co-ordinators (NIPACs) will collect information on the performance of the actions and ***programmes*** (process, output and outcome indicators) and coordinate the collection and production of indicators coming from national sources.

The overall progress will be monitored through the following means: a) Result Orientated Monitoring (ROM) system; b) IPA II Beneficiaries' own monitoring; c) self-monitoring performed by the EU Delegations; d) joint monitoring by DG Neighbourhood and Enlargement Negotiations and the IPA II Beneficiaries, whereby the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly monitored by an IPA II Monitoring committee, supported by Sectoral Monitoring committees, which will ensure a monitoring process at sector level.

[1]C(2014)4293, 30.06.2014

[2]OJ L 362 of 31.12.2012, p. 1.

\*               This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo Declaration of Independence.

[3]And in accordance with the European Commission - EIF Financial and Administrative FrameworkAgreement

**Load-Date:** August 17, 2017

**End of Document**



[***Register of Commission documents: East2017-part 1-AD3: Commission Implementing Decision on the Neighbourhood East Regional Action Programme 2017 Part I (including 1 action on budget 2018 and 2019), to be financed from the general budget of the European Union Document date: 2017-09-26 COM-AC\_DR(2017)D053173-01(ANN02) Comitology - Right of scrutiny***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R13-MHW1-JDG9-Y0JC-00000-00&context=1516831)

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Annex 3

of the Commission Implementing Decision on the ENI East Regional Action ***Programme*** 2017 Part I

Action Documentfor Regional ***Programme*** on Statistics with Eurostat in the Eastern Partnership

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|  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 1. Title/basic act/ CRIS number | Regional ***Programme*** on Statistics with Eurostat in the Eastern Partnership CRIS number: ENI/2017/040-208 financed under European Neighbourhood Instrument. |  |  |  |
|  | 2. Zone benefiting from the action/location | Eastern Partnership countries: Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova and Ukraine The action shall be carried out inthe sixEastern Partnership countries and in the EU Member States. |  |  |  |
|  | 3. ***Programming*** document | European Neighbourhood Instrument (ENI) Multiannual Indicative ***Programme*** 2017-2020 (MIP). |  |  |  |
|  | 4. Sector of concentration/ thematic area | Strengthening Institutions and Good Governance. |  |  |  |
|  | 5. Amounts concerned | Total estimated cost: EUR 5 000 000 Total amount of EU budget contribution EUR 5 000 000 |  |  |  |
|  | 6. Aid modality(ies) and implementation modality(ies) | Direct Management - Procurement of services. |  |  |  |
|  | 7. DAC code(s) | Statistical capacity building - 16062 European Union Institutions - 42000 |  |  |  |
| 8. Markers (from CRIS DAC form) | General policy objective | Not targeted | Significant objective | Main objective |  |
| Participation development/good governance |  | x |  |  |  |
| Aid to environment | x |  |  |  |  |
| Gender equality (including Women In Development) | x |  |  |  |  |
| Trade Development | x |  |  |  |  |
| Reproductive, Maternal, New born and child health | x |  |  |  |  |
| RIO Convention markers | Not targeted | Significant objective | Main objective |  |  |
| Biological diversity | x |  |  |  |  |
| Combat desertification | x |  |  |  |  |
| Climate change mitigation | x |  |  |  |  |
| Climate change adaptation | x |  |  |  |  |
|  | 9. Global Public Goods and Challenges (GPGC) thematic flagships | none |  |  |  |
|  |  |  |  |  |  |

Summary

The objective of the ***programme*** is to support evidence based policy-making by improving the availability and quality of statistical data fromthe European Neighbourhood Policy East (ENP-East) countries as well as their dissemination to a wider public.

The statistical data ***produced*** by ENP-East countries need tobe improved and better harmonised  with European standards, so they can be used as a better tool for the design, implementation and monitoring of nationalpolicies as well as European policies towards these countries.At national level, more and better quality statistics is an important source for evidence-based decision making by policy-makers. At the EU level, harmonised data is needed to monitor the implementation of the agreements signed and/or currently negotiated with the ENP-East countries. This is essential to support economic analyses performed by various Commission Services and for following-up on EU policies in such areas as: trade, Small and Medium-sizedEnterprises'(SMEs) development, business development and competitiveness, globalisation and economic integration, Sustainable Development Goals (SDGs), transport, energy, migration, governance, social policy including poverty, employment,health, information society,education and trainingetc.In addition, statistical data is very useful to measure and compare the impact of policy ***interventions***.

Technical assistance to the National Statistical Systems (NSSs) of the ENP-East countries will be deliveredthrough regional or country-specific training as well as provision of expert advice in the countries or in the EU Member States. Technical support will be provided to data collection and publications.Specific actions will be conducted to promote compliance with the European statistics Code of Practice (ESCoP) principles of professional independence, impartiality, statistical confidentiality and accessibility of data. Expert meetings, seminars and workshops will be organised to discuss and tackle problems in ***producing*** statistics in accordance with EU standards. Support will be given to improve dissemination of data.

The proposed actions will be implemented, when appropriate, at the regional level, but also at country’s level to address specific needs of individual ENP-East country according to the differentiated approach of the revised European Neighbourhood Policy andto the specific situation in the countries.

The ***programme*** will result in more and better quality data from the ENP East countries. This willserve improved governance as policy decisions can be taken on the basis of sound evidence. It will be of benefit to the EU to monitor its policies towards these countries on the basis of reliableand comparable data. It will also provide valuable support to the ENP East countries where legislative and policy development,as well as policy monitoring can be based on evidence. Finally, it will contribute to empowering the society at large,as the government can be held accountable on the basis of evidence.

* Context

1.1 Sector/Country/Regional context/Thematic area

This regional ***programme*** is designed to assist 6 ENP-East countries - Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine - to improve the availability and quality of statistical data. It is based on long lasting past experience gained in the context of implementing bilateral and multilateral/regional statistical cooperation ***programmes*** through TACIS (past regional ***programmes***) and the European Neighbourhood Policy (ENP), using instruments asthe Technical Assistance and Information Exchange instrument (TAIEX) and Twinning projects. It also builds on ongoing cooperation implemented in Armenia and Azerbaijan with the help of TAIEX and twinning projects.

The ENP-East countries share a common past and despite the fact that they have recently undertaken differentdevelopments, their National Statistical Systems(NSSs) have been developed within a similaradministrative framework. As a result,they still face similar challenges when it comes to improving their statistical systems,as briefly described below.

The European statistics Code of Practice (ESCoP)with its 15 principles is the guiding document for the development of the institutional environment in the ENP East countries. All National Statistical Institutes (NSIs) have committed themselves to respect and implement this Code. As the underlying basis for the production of statistics, all the countries have a law on statistics; most of them were adopted between 2009 and 2015. All ENP-East countries have centralised statistical systems with a major part of official statistics being ***produced*** by the NSIs. There are, however, other important ***producers*** of official statistics such as central banks, ministries and other public bodies. In all countries, the NSIs are the coordinating body of the statistical systems, but there is a need to delineate the National Statistical System (NSS) by defining the exact coverage of official statistics and the other ***producers*** of official statistics. The role of the NSIs as the coordinating bodies for the NSSs is enshrined in the statistical law but needs considerable strengthening in practice. In order to assure the professional independence of the NSI, the position of the Director General needs to be further strengthened by including into the statistical law a fixed length and number of terms, as well as clear provisions on the recruitment procedures for this post (open, transparent and based on competence only) and on the reasons for dismissal (not for professional reasons). Long term strategies and annual work ***programmes*** exist in all the countries but could be stronger tools for the NSIs to coordinate the NSS by extended them to the whole NSS. A Statistical Council to enhance user consultation exists in all countries. However, a clearer mandate and extended coverage of the society in these Councils would be beneficial.

All countries have strong legal provisions in their statistical laws to collect data through surveys and to make response to statistical surveys mandatory, especially for economic surveys. However, the statistical laws should include a stronger mandate and authority for the NSIs to access and use administrative data sources held by other public agencies/ministries. This will reduce response burden and increase efficiency. Apart from working on the legal basis, the NSIs are also working on softer methods and have already concluded (or are in the process of doing so) several Memoranda of Understanding with these public agencies in order to receive these data on a regular basis, to be informed about their quality and to impact the changes in the design of these data, to make them suitable for statistical purposes. The most prominent example of such data where access is needed and useful is the tax register and all countries have already achieved access to it.

In terms of adequacy of resources, human and financial resources are scarce in most of the NSIs in the region and need to be managed in a more efficient way. Moreover, Information and Technology (IT) developments lead to more extensive electronic reporting by respondents. This explains, to some extent, the need for the NSIs to reorganise their extensive regional structures and to gradually reduce the number of regional offices and corresponding staff and to relocate these posts to the head-quarters to embark on more methodological work. Another aspect is the need to develop an appropriate human resource policy and to embark on an assessment of time and costs needed to ***produce*** statistical output.This will give an evidence basis for rationalisation/prioritisation of resources and for decisions to reduce/increase resources for the production of certain indicators.

All countries have started to develop and implement systematic quality management systems. Within this framework, they already implement measures to improve the quality of the data and to report on this quality through quality reports in order toinform users about the methodology used.

All countries strictly respect and implement one of the main principles to guarantee trust in statistics: the principle of statistical confidentiality. In all countries, this principle is also included in the statistical law. Individual data from respondents are collected and used for statistical purposes only. Besides, the necessary IT and infrastructure elements are in place to secure these individual data. In the future, NSIs should include provisions in the statistical law to provide access to micro-data for research purposes on a strictly regulated basis with a clear protection of individual data.

According to the principle of impartiality and objectivity,National Statistical Institutes (NSIs) are obliged to develop, ***produce*** and disseminate official statistics respecting scientific/methodological independence and in an objective, professional and transparent manner. While this principle is recognised by all countries, there is a need for strengthening the compliance with the principle in terms of institutional arrangements in the country (statistical law, place of the NSI in the government and the respective sub-ordination), of the methodological independence (the Director General of the NSI as the Chief Statistician of the country has the sole right and authority to decide on methodology) and of the dissemination practice (no pre-access for ministers and government officials). The latter is also linked to the principle of accessibility and clarity. All users should have access to the data at the same time, standard statistical information contained in the annual work ***programmes*** is disseminated for free on the website, and a statistical release calendar is available on the website with the exact date and time of release for at least headline indicators. All of these practices should be institutionalised through a dissemination policy.

Concerning statistical infrastructure,all countries have implemented the main international and European classifications and they base their national statistical classifications on them. They have set up statistical registers for the purpose of statistical surveys of businesses, or can access administrative registers and derive information from them. Updating existing registers and using administrative sources for statistical purposes is a challenge for all countries. All countries have an Information and Technology (IT) Department or a separate Computing Centre that is responsible for all technical IT services, maintaining the website and intranet, providing software, developing own software components and applications as well as creating databases. IT systems, software and hardware need to be updated in several countries. Although the IT environment has improved over the years, investments into the hardware and software as well as in the IT staff training are necessary to enhance the capacity of the IT infrastructure and to bring it to modern standards of data processing.

As for the availability of statistical data, for all countries economic headline indicators, such as Gross Domestic Product(GDP) and quarterly GDP are available and partly based on the latest version of the System of National Accounts (SNA-2008). Although steady progress was observed, there is a need to apply the corresponding European standard (ESA-2010) and improve the quality of annual and quarterly GDP and ***produce*** sectoral accounts, regional accounts, Supply/Use Tables and Input/Output tables. All countries ***produce*** an inflation rate and several other price indices but further methodological development, quality improvements and more transparent dissemination of concepts and metadata is needed. Trade data are also available in all countries but quality and coverage need improvements. While the Balance of Payments is ***produced*** by the Central Bank in all six ENP-East countries according to International Monetary Fund(IMF) standards, public finance statistics is available but not yet ***produced*** in accordance with European standards(e.g data are ***produced*** on cash basis instead of using accrual accounting).

Business statistics is compiled in all the countries but only very small parts of it follow European standards. The change from a branch-based approach towards the approach of annual and short-term statistics has not yet taken place and few data on business demography, SMEs, globalisation (global value chain), innovation and research are available.

As for social and demographic statistics, most countries have conducted a Population and Housing Census within the world-wide 2010 round and ***produce*** vital statistics. Back-casting population data is a significant challenge for a number of the countries due to huge migration flows, conflicts and territories out of the government control. Population registers should be established and migration statistics need urgent improvements. Data on poverty, labour market, education, research and development, health, social protection, culture, sport, crime, housing and communal services statistics are ***produced*** by the NSIs. However, data are often not yet ***produced*** in accordance with European standards and not of the required quality.

As for ***agricultural*** statistics and environment statistics, not all the countries have conducted an ***agricultural*** census and hence, the farm register and current production statistics are not complete. ***Agriculture*** production statistics, ***agricultural*** accounts and prices in ***agriculture*** need further development and quality improvement in order to align with international/European standards. For environmental statistics, availability and quality of environmental data varies in the countries in the region. The scope, quality and timeliness of data need further improvement.

  1.1.1 Public Policy Assessment and EU Policy Framework

The European Union, through the revised European Neighbourhood Policy, seeks to enhance its cooperation with the neighbouring countries, especially with the Eastern neighbours in key areas of social and political life. Strengthening democratic processes in the ENP countries, good governance, economic growth and integration, energy security, involving civil society are among the priorities. The revised European neighbourhood policy introduced differentiation among the countries, in accordance with their ambitions in the relationship with the European Union. It also calls for prioritisation and for a more focused approach in order to deliver tangible and noticeable results to the citizens, as reflected in the JointStaff Working document 'Eastern Partnership – focusing on key priorities and deliverables'which identifies a list of 20 deliverables for 2020.In May 2017 the Commission has issued the Report on the Implementation on the European Neighbourhood Policy Review, where it has further described the roll out of the revised policy approach.

Both the countries themselves and the EU consider cooperation with and between ENP partners as an important objective. By assisting beneficiary countries in focusing on common challenges, a regional approach has the potential to increase confidence among partner countries, thus to promote increased security, stability and prosperity in the region.

Good quality statistical data, ***produced*** in a professionally independent manner is essential to support the implementation of these policies and democratic processes and building up a democratic society in those countries. It is equally needed for trade negotiations, economic analyses, as well as for the monitoring of the efficiency of policies implemented and the assistance provided.

Reliable data is more specifically needed for the implementation of the Association Agreements (AAs) and the Deep and Comprehensive Free Trade Agreements (DCFTAs) with the three countries that concluded those agreements (Georgia, Moldova and Ukraine) and for concluding other cooperation agreements with the remaining three countries (Armenia, Azerbaijan and Belarus).Statistics is a part of these processes, both as a separate domain and as an instrument supplying data in other domains covered by the agreements. Although the AAs concern individual countries, especially in the area of statistics, commonalties are a critical factor, because, in addition to the scope and quality of data, their harmonisation and standardisation, as well as their regional and international comparability, represent a key value for the users, including users from the countries needing data for informed decision making and analyse.

In order to promote cooperation among the National Statistical Institutes (NSIs) of the six countries and with Eurostat, a panel on statistics was established in November 2014 within the framework of the Eastern Partnership (EaP). The Statistics Panel focused on exchanges of information and best practices on the following main issues:

* The implementation of the European statistics Code of Practice (ESCoP) in the National Statistical Systems (including the principle on professional independence), role and place of the national statistical offices in the national statistical systems; work with users, including public administration and private actors;

1. Exchange of information and best practices on European standards in selected statistical domains and support towards harmonising these standards where so decided (e.g business statistics including on SMEs, labour market statistics, social statistics including gender statistics, price statistics, trade statistics, national accounts including non-observed economy, energy and transport statistics, environment statistics, macroeconomic and financial statistics);
2. The implementation of a user-***producer*** dialogue for evidence-based decision-making with the emphasis on close cooperation between various ministries and agencies, the cooperation of which is crucial for ***producing*** good quality statistics;
3. Exchange of information and best practices on how to increase the use of administrative data for statistical purposes.

The objective of this Panel was to contribute to the economic integration and convergence with EU policies by:

* Improving the availability of good quality statistics in line with the statistical acquis;

1. Modernising the national statistical systems in the region so that partner countries are able to provide, in conditions of professional independence and in an efficient way, internationally comparable statistical data for good governance and monitoring the effectiveness of the implemented policies.

Since 2015,four meetings have been organised on various statistical domains and the institutional framework for statistics and the work of the panel has generated exchange of knowledge and experience as well as recommendations for the application of European standards in the specific domains. The panel has also proven the willingness of the six countries to work together in the area of statistics. The knowledge transfer organised within the panel now needs to be complemented with a support ***programme*** to help the countries to implement the European standards into their statistical production systems so that an increasing number of harmonised and comparable statistical indicators become available.

  1.1.2 Stakeholder analysis

The stakeholders to be targeted are the National Statistical Institutes as well as other ***producers*** of official statistics being part of the National Statistical System (e.g National Bank, Ministry of Finance), who are responsible for the production of official statistics in the countries.

The governments in the countries, as well as policy Directorate Generals in the European Commission, are stakeholders, as they need high quality statistical data for the ENP-East countries in order to improve evidence-based policy making, ***planning***, monitoring of the implementation of the existing AA and/or or to negotiate future agreements.

Statistical data also provide factual evidence for a wide range ofusers: policy makers, economists, media, academia and the public at large. In that sense, assistance provided to the NSSs becomes relevant for the entire society in the partner countries and in the EU Member States.

  1.1.3 Priority areas for support/problem analysis

ENP-East countries are at a moderate level of development in statistics as they make a wealth of data available. However, a significant number of data needed for a democratic and social market economy are lacking or are not ***produced*** in line with European standards. Moreover, data available are disseminated in an old-fashioned way not using the advantages of the latest IT developments. On the other hand, quite some data are ***produced*** for the government that requires information in order to manage state-owned enterprises, micro-manage enterprises and regional development. Moreover, although the understanding of the role of statistics in a democratic society has changed in the countries, they are very often regarded as institutions mainly serving the government and not the society as a whole. Hence,they are considered by the government to serve its interest. This is contrary to the fundamental principles of official statistics and to the European statistics Code of Practice (ESCoP) principles according to which a statistical office needs to be professionally / scientifically independent from the government in order to ***produce*** trustful and objective statistical information.

The ***programme*** will address these problems and focus on the following key issues:

1) strengthening the NSIs and enhancing the institutional environment in such a way that the data are ***produced*** and disseminated in a professionally independent manner;

2) increasing the capacity of the NSSs, so that they could ***produce*** an increasing number of good quality statistics in accordance with EU standards and make them available through modern ways of dissemination.

While many activities will and have to be common for all countries because of the similarity of the challenges faced, the individual situation of each country and the specific goals to be achieved in the context of the AA/DCFTA and other agreements, hasto be taken into account.The exact share of assistance between regional activities - for all six countries - and country specific activities, cannot be precisely defined at this point in time. Regional activities will be designed to increase harmonisation and comparability of data. Link and complementarity with country specific activities will be ensured.

* Risks and Assumptions

|  |  |  |
| --- | --- | --- |
| Risks | Risk level (H/M/L) | Mitigating measures |
| Limited human and financial resources available to NSIs in ENP-East countries. | M | Beneficiaries will need to prioritise activities and deliverables within statistical projects in order to manage the implementation of the projects with the available resources. |
| Inefficiencies in action implementation because of lack of coordination between donors active in the region. | L | Eurostat is constantly monitoring the various donor activities in the region through the annual donor coordination survey, and keeps close contact with other donors through coordination meetings. |
| Professional independence of the NSI is impacted by different outside factors. | M | It is crucial for a successful implementation of the action that the governments guarantee the professional independence of the NSIs. This can be achieved by implementing global assessments highlighting the importance of the ESCoP, especially its Principle 1 on professional independence and by closely involving the national authorities with oversight functions over the NSIs. |
| Assumptions |  |  |
| Commitment of ENP-East national authorities to the process. Cooperation of official statistics ***producers*** in the beneficiaries. Parallel implementation of necessary national projects in the area of statistics. Sufficient support to NSI provided by the Government. Availability of experts and good cooperation between all stakeholders. The necessary human and technical resources are provided by the national authorities. |  |  |

* Lessons learnt, complementarity and cross-cutting issues

3.1 Lessons learnt

The National Statistical Systems of the ENP-East countries share a common past in being part of heavily centralised government structures and operating as a part of a centrally ***planned*** economy. Following the change of political system, the NSS of ENP-East countries have been assisted by international donors (like the European Union (EU), the United Nations (UN), the International Monetary Fund (IMF), the World Bank, the European Free Trade Association (EFTA)) as well as individual countries (such as France, Germany, Norway, Sweden, United Kingdom) in modernising the way statistics is ***produced*** and in implementing a changeof system, from providing 'state statistics' to ***producing*** and disseminating 'official statistics'.

All ENP-East countries benefitted from various cooperation projects using TAIEX, Twinning, service contracts, bilateral cooperation projects or a combination thereof. Experience shows that the choice of the most appropriate instrument at a given point in time is essential for the success. While Twinning projects are useful when a specific domain requires a major reform, service contracts are better equipped to support the development of many statistical domains at the same time and TAIEX is most appropriate to tackle a specific ad-hoc need for foreign expertise. Cooperation in the past also has proven that the direct involvement of the top management on the beneficiary’s side is crucial, as well as availability/recruitment of highly motivated staff and sharing of project results within and outside an NSI.

Past experience in accompanying national assistance ***programmes*** and implementing regional assistance ***programmes*** has proven that a regional approach is extremely helpful for the ENP-East countries. It allows them to build professional networks and to address common problems in such a way that sustainable statistical and institutional capacity is developed and able to deliver an increasing number of comparable and harmonised data.Regional ***programmes*** are the best guarantee that the data ***produced*** by the sixENP-East countries are comparable among themselves and with the data from the EU Member States.

The global assessments implemented by Eurostat in the past 5-6 years have helped to identify areas in need for developmentas well as strengths and weaknesses of the statistical system. They concern both statistical domains and institutional aspects, the latter being a pre-requisite to develop the statistical domains. A regional approach provides added value because it targets the entire statistical systems in all their complexity and provides for increased harmonisation, economies of scale and visibility to the region.

International cooperation and capacity development lead to an increase in statistical production (new indicators, increased coverage, improved timeliness, better quality and dissemination). For the sustainability of results, it is very important to be supported by the government as a whole. Other important factors which can guarantee sustainability are the institutionalisation of changes, proper training of responsible experts and good communication with all stakeholders involved.

Between 2009 and 2013, Eurostat implemented global assessments of the NSSs of all ENP-East countries. The reports provided comprehensive pictures of the state-of-play of the NSSs and contained a number of recommendations for improvement. The corresponding improvement actions are being implemented and monitored annually. A second round of assessment started in 2016 in Ukraine and Azerbaijan and will continue in 2017 with Moldova.

Over the years, the assistance provided by Eurostat - although limited because of budgetary constraints - has contributed to improving the institutional framework for statistics in the ENP East countries as well as the availability and quality of statistics in line with European standards. Some of the data are provided to Eurostat on a regular basis and are published. However, considerable and steady efforts are needed to improve the coverage and quality of data as well as to modernise the NSSs in line with latest international trends. Significant support by the EU is needed to address these shortcoming and challenges.

This regional ***programme*** is expected to bring further value added by addressing the current and future challenges such as data for SDGs, globalisation, business development in the countries, information society and innovation/research, social conditions, poverty, migration and others relevant areas for all the ENP-East countries. For this, sharing of experience and best practice by the EU Member States but also among the ENP East countries, by creating peer pressure and joining efforts, not only of the NSIs but of other national data ***producers*** and donor organisations (including the EU) active in the region will be necessary.   3.2 Complementarity, synergy and donor coordination

All ENP-East countries benefit from the assistance of other donors active in the region. The non-exhaustive list includes United Nations agencies, the Organisation for Economic cooperation and Development (OECD), the World Bank, IMF, EFTA, Swedish International Development Cooperation Agency (SIDA), Department for International Development (DFID), United States Agency for International Development (USAID), Norway etc. The World Bank and the Government of the Russian Federation established a multi-donor trust fund, ECASTAT, to support statistical capacity building in CIS countries.

In order to formally coordinate all these activities and donors, Eurostat is implementing an annual donor coordination survey. The results of this survey are widely disseminated among the donors and beneficiaries so that all actors are informed of activities in the countries. The results are used by all donors to avoid duplication and use the resources efficiently. The donor survey also demonstrates that the EU is the largest donor for statistical capacity building in the six ENP East countries and based on this, Eurostat's role of coordinating various donor activities is widely recognised and accepted.

Furthermore, the NSIs and their international cooperation departments are aware that donor coordination is one of their main tasks and all of them keep good track of donor projects in statistics in the country. Some of them have even established a donor coordination committee. Effective coordination with EU Delegations is ensured through the above mentioned donor survey and by the NSIs of the countries together with Eurostat.

There are national ***programmes*** to assist the NSIs in some of the ENP East countries. These ***programmes*** are complementary to the regional ***programme*** as they target specific needs of the country at a larger scale, while the regional ***programme*** focuses on common problems and challenges and focuses.

Complementarity will also be ensured with existing regional ***programme*** notably on Environmental statistics in the Eastern Neighbourhood (Shared Environmental Information System - SEIS, 2016-2020) which is implemented by Eurostat and the EU4Energy cooperation ***programme*** (2016-2020) which focuses on evidence-based energy policies with a specific component on enhancing energy data management and use in policy design. 3.3 Cross-cutting issues

Statistics affects many other policy areas by providing the data that policy makers use to design policies and the society to monitor the implementation of the policies. There are very important links to key areas such as SDGs and the Agenda 2030.

NSIs need to coordinate other ***producers*** of statistics, such as the national bank, ministries, agencies, etc. In that respect, the ***programme*** will lead to improvements not only for the statistical offices but also for the main partners involved in ***producing*** official statistics. Hence the capacity of the statistical systems will be enhanced.

The gender dimension will be addressed as more data broken down by gender will become available, where relevant, as a result of the ***programme***.

The ***programme*** will not address environmental and climate related matters as such. However, environment-related considerations will be taken into account as the ***programme*** will contribute to improving the availability of good quality statistics on environment and partly also including climate change, in complementarity with the Shared Environmental Information System ***programme*** mentioned above.

* Description of the action

4.1 Objectives/results

The overall objective of the regional cooperation in statistics is to increase evidence-based policy-making on the basis of more and better quality statistics provided by the NSIs.

This can be translated into the following more specific objectives:

* To empower users including policy-makers,civil society and social partners in using statistical information in an educated and informed way

The ***programme*** will resultin the development of an active dissemination policy, increasing engagement with users and consultation on their needs and their satisfaction with the services provided by the NSIs. Users’ engagement and use of modern tools of dissemination will contribute to reaching this objective. Statistical data will be published and made available in different formats in an easy-to-access and easy-to-understand way. This will serve transparency and accountability of decision-making processes (as referred to in the EaPDeliverable 11 – Public administration reform). Increased satisfaction of the users is expected to be the result of the ***programme***, measured through user satisfaction surveys.

* To improve the availability of good quality statistics for all groups of users

The ***programme*** aims at:

-addressing shortcomings/gaps in statistical data production in the domains of macro-economic statistics (national accounts aggregates, government finance statistics, trade statistics, employment data, business statistics,income and living conditions statistics, migration statistics, ***agriculture*** statistics, energy and transport statistics etc.);

- maintaining the level of progress achieved in other domains such as price statistics, demographic statistics, environment statistics, etc.

- helping the countries to continue harmonisation with European standards notably by improving the availability of good quality statistics in line with the European acquis in statistics.

The support will result in an increasing number of harmonised and comparable data in selected statistical domains for all/most of the countries.

* To strengthen the professional independence and institutional capacity of the National Statistical Institutes (NSIs)

This ***programme*** will support the professional independence and institutional capacity of the NSIs by implementing the European Statistics Code of Practice (ESCoP). It will strengthen and stabilise the NSIs’institutional set-up and reinforce the management and ***planning*** capacities of the National Statistical Systems. This includes the consolidation of the legislative framework, revising the Law on Official Statistics based on the Generic Law on Official Statistics(as mentioned in the EaPDeliverable 11 – Public administration reform). The support will result in an improved institutional set-up of the National Statistical Systems and a modern legal infrastructure, ensuring the professional independence of the NSIs and objective and impartial data. 4.2 Main activities

The main activities will be provision of technical assistance by European experts, preparation and implementation of surveys, organisation of meetings, seminars, workshops and trainings, and production of statistical publications.

Technical assistance will be provided in priority areas (e.g SDGs, migration, SMEs, business, economy, trade, competitiveness, poverty, employment etc.) focusing on increasing data availability for beneficiaries, namely on collection of data that are compliant with EU requirements and will be published by Eurostat.

Preparation and implementation of surveys will further enhance and help to coordinate statistical data collection from the countries. This should allow harmonising the reference periods, release dates and presentation standards. As a result a wide range of users may have access to data not only at the national, but also the regional and European levels.

Trainings, seminars, workshops will contribute to improving the statistical knowledge of staff from the countries on many statistical domains and horizontal issues (e.g governance of NSSs, management of resources, quality etc.). Training courses facilitate the passing of European standards on to all ENP East countries, thereby ensuring that all of them know and apply consistently the same standards. The national authorities in charge of training for civil servants and public employees will be kept informed and, where relevant, they will be involved in the organisation of ***planned*** training sessions.

Production of statistical publicationsfor the region providing harmonised regional data. The experience of the EU Member States shows that already the work on a joint publication constitutes a good opportunity to improve data comparability, the quality of data and metadata and the presentation standards. The result in this case would be both the skills developed during on-the-job practical training in preparing a publication and the publication itself including validated data.

a) Priorities to be indicatively addressed through regional activities

In terms of institutional capacity strengthening support will be provided to the NSIs to reach a position in the public administration of the countries that is free from political interference and enshrined in the statistical law and allows the NSIs to ***produce*** statistical data in a professionally independent, impartial, objective and reliable manner.

In terms of statistical capacity, support will be provided to the NSIs to increase the availability of more and better quality data through expert advice, data collection, training, workshops and publications. This will ensure that good quality statistical data in major statistical domains are available for evidence-based policy making and policy monitoring. The areas of support listed below are identified as areas in need for further development in the global assessments implemented in the six ENP East countries in the years 2009-2013 (and some more recent assessments in 2016) but other areas may emerge in the course of the project.

The support will be dedicated to the following domains (for each of the domains and resulting data it is assumed that data availability will differ from country to country depending on the current state-of-play in each country):

- macro-economic statistics (leading to the production and dissemination of annual and quarterly GDP according to ESA2010 and possibly sector accounts, government finance statistics in accordance with the ESA 2010, external trade statistics comparable with the EU Member States data, employment/unemployment data in line with the EU acquis;

- social statistics leading to the production and dissemination of data for various aspects of social policy,migration statistics, labour market data in line with EU standards, the availability of earning and labour cost data, data on poverty and other demographic indicators;

- business statistics leading to the introduction of the European concept of business statistics (short-term and structural business statistics), data on SMEs and possibly data for innovation, research and development, and the use of ICT, also in line with the Digital Economy and Society Index (DESI)[1];

- ***agriculture*** statistics, leading to the production and dissemination of basic ***agriculture*** data in line with EU standards;

- energy and transport statistics leading to the production and dissemination of basic data on energy efficiency and production/balances as well as on transport, in line with EU standards.

For all these domains and resulting data, data broken down by gender will be part of the project,where appropriate and possible (notably demographic and social statistics) and relevant (for instance linked to increased sample sizes to get a representative survey and this needs adequate financing).

In the context of the 2030 Agenda and the Sustainable Development Goals there is also an increasing demand for the sustainable development indicators that are ***produced*** within the many statistical domains mentioned above.

Furthermore, the next world-wide round of population and housing census will take place in 2020. While the implementation of the census itself in the countries is not within the reach of this regional ***programme***, advice on methodology and survey tools will be provided. Support on national level will be needed in this context.

b) Priorities at national levels

As the countries also differ in some ways (size, political situation, relations with the EU, economic system), it is obvious that some of the activities need to target either individual countries or a smaller group of countries in the region. Exact priorities at country level are indicative and will be fine-tuned or adjusted during the inception phase.  For example, Ukraine may require specific assistance to provide data on the current population and demographic situation, number of displaced people, internal and external migration. Belarus might require more support in ensuring professional independence of statistics, market-economy driven statistics on businesses as well as environment statistics and accounts. Moldova might need more focused assistance in ***producing*** employment and migration data because of the considerable migration flows out of the country and their effects on the labour market. The three countries that have signed AA/DCFTAs – Georgia, Moldova and Ukraine - need more assistance in developing comparable trade statistics, for both goods and services. Azerbaijan might need more assistance for developing statistics on the energy sector and the diversification of the economy.Georgia needs assistance for better economic and business statistics as well as population and migration statistics. Armenia might need assistance for providing data on business development, especially for SME, migration and the social situation and support for methodology development for the next population census. These are a few examples of a differentiated way in which a regional ***programme*** could tackle both the issues that are common for the countries in the region and those which are country-specific.

  4.3 ***Intervention*** logic

The methodology to be applied in the ***programme*** is well tested in providing assistance in statistics to countries outside the EU, especially to the enlargement countries, but also to the ENP countries. It organises practical transfer of know-how by means of expert advice on statistical standards and methodology, training courses for targeted specialists, support for data collection, joint publications, methodological workshops etc. All aim at increasing the availability and coverage of good quality statistical data in theEurostat database (Eurobase) and in the databases on the NSIs.

The main implementing partners are the NSIs which are the focal point for official statistics in the countries and closely cooperate with other ***producers*** of official statistics (typically some Ministries, the Central Bank and other specialised state bodies). The partners are well known and established as the Commission (Eurostat) cooperates with them on a regular basis by collecting and publishing data in the Eurostat database (Eurobase) and by providing assistance within its limited resources to increase the availability and quality of the data (training courses, publications, assessments of the national statistical systems or of specific domains).

The sustainability of the results of the ***programme*** stems from the fact that assistance in statistics focuses on building an appropriate infrastructure for the professionalism of the statistical institute and for statistical data production. Once a statistical survey is designed and implemented or an international classification is translated into the national language and is used in data collection process, they constitute instruments of the NSS and stay there beyond the lifetime of an assistance ***programme***.

The multiplier effects would be manifold. Tools and instruments developed for one domain of statistics (sampling, processing, quality measures and reports) could also be applied to other domains of statistics. The regional ***programme*** gives also an opportunity for all the countries in the region to learn from best practices, as well as to apply the same standards and methodology at the same time. This contributes to achieving comparability of statistical data across the region and with the EU.

* Implementation

5.1 Financing agreement

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

  5.2 Indicative implementation period

The indicative implementation period for this Action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of adoption by the Commission of this Action Document.

Extensions of the implementation period may be agreed by the Commission’s authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

5.3       Implementation modalities

The action will be implemented under direct management by Eurostat following the conclusion of a cross-subdelegation between DG Neighbourhood and Enlargement Negotiations and Eurostat. DG Eurostat will be responsible for tendering and concluding one service contract.

Through the service contract technical assistance will be provided to the National Statistical Institutes (NSIs) of the Eastern Partnership countries and the other ***producers*** of official statistics (such as national banks, ministries of finance and other ministries as relevant and related to their area of competence). This will take the form of providing support to the implementation of statistical projects in key areas listed above (provision of expertise, training on methodology, support to data collection, study visits to experienced EU Member States' NSIs, consultations, analysis and dissemination of the data), participation in meetings/seminar/workshops, provision of general training on methodology and institutional issues, study visits to Member States and other appropriate forms.

5.3.1 Procurement (direct management)

|  |  |  |  |
| --- | --- | --- | --- |
| Subject | Type | Indicative number of contracts | Indicative trimester of launch of the procedure |
| As described under section 4.2 | Services | 1 | Q1 2018 |

5.4     Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission’s authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5       Indicative Budget

|  |  |
| --- | --- |
|  | EU contribution (in EUR) |
| Procurement (direct management) | 5 000 000 |

  5.6     Organisational set-up and responsibilities

The ***programme*** will be managed by Eurostat in close cooperation with the NSIs of the six ENP-East countries. The annual High Level Seminar (HLS) will play the role of the Steering Committee for taking ***strategic*** decisions on the areas of statistics to be targeted, priorities, the scope of activities and the expected results. The HLS will review periodically ***programme*** implementation and suggest necessary corrections and adjustments.

At the end of the inception period of the contract the specific priority areas of ***intervention*** will have to be defined and then consulted with the relevant stakeholders such as DG NEAR, the European External Action Service (EEAS), the EU Delegations in the countries and possibly line DGs and assessed/weighted against the available resources. This consultation process will also include the NSIs of the partner countries, through the High Level Seminar mentioned above and other consultation mechanisms.

The NSIs will constitute the coordinating bodies in their respective countries for the involvement in the ***programme*** of other stakeholders being part of the national statistical system (other ***producers*** of official statistics such as the national Bank, Ministry of Finance) or providing data to the NSI (Ministries and agencies holding administrative data or registers) or users (for defining needs for statistics).

The NSIs will be required to ***produce*** and submit annual Country Progress Reports (CPR) to describe the state of the national statistical systems, taking into account the progress made towards the international comparability and harmonisation, and the main statistical activities carried out in the meantime.

The CPR will provide an overview of the legal and general institutional framework, capacity of the statistical system and infrastructure, information system, training and resources. Besides, the CPRs will review the results and progress achieved in the implementation of the support ***programmes***, follow-up, monitoring and assessment of the results and impact of the statistical co-operation for ENP-East countries.

Eurostat will ensure the coordination with the interested stakeholders including relevant Commission Services, EU Delegations, Members States, United Nations Economic Commission for Europe (UN/ЕСЕ), the European Free Trade Association (EFTA), the OECD, etc. It will identify synergies with other relevant, ***programmes***, projects and initiatives related to or having impact on statistics such as, for example, EU for Energy, ENI East Regional -Shared Environmental Information System (SEIS), IMF assistance ***programmes***. This coordination will take place through the annual donor coordination survey implemented by Eurostat.

The ***programme*** will be sub-delegated by DG NEAR to Eurostat based on an annex to the existing Memorandum of Understanding between Eurostat and DG NEAR in the form of a service-level agreement. The service level agreement will define the responsibilities for each actor in the ***programming***, implementing and reporting phases and will set out reporting requirements for Eurostat through progress meetings and the annual activity report.

  5.7     Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner’s responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action – based on information on data availability provided by the NSIs of the partner countries - and elaborate regularprogress reports (not less thanannual) and final reports. Everyreport shall provide an accurate account ofimplementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action.The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

  5.8     Evaluation

The Commission may, during implementation, decide to undertake an evaluation for duly justified reasons either on its own decision or on the initiative of the partner.

The financing of the evaluation shall be covered by another measure constituting a financing decision.

  5.9     Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

The financing of the audit shall be covered by another measure constituting a financing decision.

  5.10   Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility ***Plan*** of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5above

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility ***Plan*** of the Action and the appropriate contractual obligations.

For country based activities, the 'EU4country' branding will be used.

APPENDIX - Indicative Logframe matrix (for project modality)[2]

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inceptionof the overall ***programme*** and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | ***Intervention*** logic | Indicators | Baselines (2018) | Targets (2021) | Sources and means of verification | Assumptions |
| Overall objective: Impact | ?To increase evidence based policy-making on the basis of more and better quality statisticsprovided by the  National Statistical Institutes from the European Neighbourhood Policy East (ENP-East) | ?Satisfaction of users with the data provided by the statistical systems for evidence-based decision-making | ?Satisfaction of users at a fair level | ? Increased level of satisfaction of users and decision-makers with the data available | ? Association Agreement reports and reports on Partnership Priorities ?Results from user satisfaction surveys implemented by the NSIs ?Feedback from international community and civil society in the country. | ?Support to NSIs and use official statistics for policy decisions by national authorities |
| Specific objective(s): Outcome(s) | ? Empowerment of users including policy-makers, civil society and social partners in using statistics data in an educated and informed way           ? Improved availability of good quality statistics for all groups of users                       ? Strengthened professional independence and institutional capacity of the National Statistical Institutes | ? Extent to which data is used for policy decisions     ? Percentage level of satisfaction of users           ? Availability and coverage of data                         ? Percentage number of methodologies harmonised with European standards   ? Number of quality reports available to users     ? Number of principles of the European statistics Code of Practice implemented | ?Statistical data are used occasionally for policy decisions   ? Fair level of satisfaction (overall satisfaction at 30%)         ? Estimation of baseline data availability by the contractor for 2018                       ? Between 10-20% of methodologies harmonised     ? Between 10-30 quality reports per NSI available     ?Less than 50% of the principles are completely implemented | ? Statistical data are regularly used for policy documents   ? Good level of satisfaction (overall satisfaction at 50%)         ? 15%Increased availability of data ? depending on the country (e.g Macroeconomic indicators, labour market statistics, poverty data, Business statistics, Transport statistics, Energy statistics and ***Agriculture*** statistics etc.) in databases in comparison to baseline year 2018   ? Around 30-40% of methodologies will be harmonised     ? Between 30-50 quality reports per NSI available     ? Around 70% of the principles are implemented | ? Association Agreement reports and reports on Partnership Priorities   ? User satisfaction surveys carried out by the NSIs   ? Databases of Eurostat and the NSIs websites     ? Eurostat sector review reports on selected domains of statistics     ? Website of the NSIs         ?  Quality reports on the NSI websites     ? Global assessment reports, Eurostat assessment of progress | ?Necessary resources for implementation are provided by national authorities |
| Outputs | ? Increased number and quality of data available         ? Easier access to data is provided       ?Improved  knowledge and use of statistical methodologies       ? Improved quality management systems         ? Increased coordination of the national statistical system     ? Revised statistical laws | ? Number of datasets on the websites accompanied by quality reports/metadata     ?Number of dissemination policy documents available     ? Number of seminars and trainings conducted to increase NSIs knowledge on European methodologies   ? Number of countries having a quality policy documented       ? Number of MoUs signed with other data providers       ? Number of statistical laws revised | ?Baselines number to be established in 2018         ? No country has a comprehensive dissemination policy published   ? 3-4 seminars and trainings per year         ?No country has a documented and publicised comprehensive quality management system in place   ? Coordination of the NSS is lose and not systematic       ?At least one country has revised and adopted its statistical law in accordance with the 'Generic Law on Official Statistics' | ?Increase by 15% compared to the baseline         ? At least four countries have developed, adopted and published a dissemination policy   ?Around 15-20 seminars/trainings per year       ? At least four countries have developed and publicised a comprehensive quality management system   ? Coordination of the NSS is established in MoU and with other ***producers***     ? At least four countries have revised their statistical laws in accordance with the 'Generic Law on Official Statistics' | ? Assessment by Estat   ? Conclusions from High Level Seminars   ? Country progress reports   ?User satisfaction surveys   ?Reports on seminars and trainings   ?Data on websites of the NSIs and in Eurostat database   ?Laws on the websites of the NSIs | ?Availability of experts and good cooperation between all stakeholders |

Activities: training, study visits and consultations, data collection, publications, workshops and seminars.

Input: expertise, EU know-how, EU acquis in statistics, support to surveys.

[1][*https://ec.europa.eu/digital-single-market/en/desi*](https://ec.europa.eu/digital-single-market/en/desi).

[2] Mark indicators aligned with the relevant ***programming*** document mark with '\*' and indicators aligned to the EU Results Framework with '\*\*'.

**Load-Date:** November 22, 2017

**End of Document**



[***Bord Bia Awards; Recognising success in Ireland's food and drink industry***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PYS-WBX1-DY9P-N1NB-00000-00&context=1516831)

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**Section:** BUSINESS WEEK;NEWS; Pg. 8

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**Body**

Bord Bia has announced the shortlist for its Food and Drink Awards that will take place on Wednesday, 29th November in the RDS Concert Hall.

Some 24 companies have been shortlisted for these awards which recognise excellence and celebrate success in Ireland's largest indigenous industry.

The companies, which represent the most progressive, ambitious and forward-looking in Ireland's thriving food and drink industry, have been shortlisted across seven categories including Branding; Consumer Insight; Digital Marketing; Entrepreneurial; Export; Innovation; and Sustainability.

A record number of submissions were received by Bord Bia which were then adjudicated by a team of seven independent judges with extensive experience in business, global markets, media, marketing, and sustainability. Below are some of those companies on this year's shortlist. For further information, visit [*www.bordbia.ie/awards*](http://www.bordbia.ie/awards) #BORDBIAAWARDs @BordBia Sustainability Award The Sustainability Award recognises companies that have ***planned*** and executed significant sustainability commitments in relation to sourcing, resource efficiency, health & nutrition and contributions to their local community. The shortlist includes ABP Food Group, Heineken Ireland, Boortmalt, Kerry Group and Dawn Meats.

ABP FOOD GROUP ABP Food Group is one of Europe's leading agri-business companies, employing more than 10,000 people, across 46 processing sites in eight countries. As a founding member of Origin Green, ABP has pledged by 2020 to reduce carbon footprint by 30pc; to achieve zero waste to landfill; to reduce water consumption by 50pc, energy consumption by 30pc and electricity usage by 40pc. In the last two years as part of their "Doing More with Less" sustainability journey, ABP has achieved several ground-breaking initiatives. These include setting up an R&D farm in Wexford to identify more sustainable production of beef bulls; developing an innovative process at a new gel-bone chip production site opened in Cahir; introducing an innova- tive solution in ABP Nenagh that has resulted in a CO2 reduction of 22pc; transforming the meat-packing process in ABP Clones, with a 70pc reduction in waste generation; launching a major water reduction ***programme*** across all sites resulting in a decrease in water consumption of 14pc; introducing bio-diversity areas in all sites to provide food, shelter and safe passage to many species; and introducing a common sustainability agenda. In 2017 ABP Food Group became the first company globally to receive triple certification from the Carbon Trust for the third time and remains the only Irish company to receive such accreditation. John Durkan, Environmental & Sustainability Manager, ABP, is pictured.

Minch Malt T/A Boortmalt, the largest ***producer*** of malt in Ireland, BOORTMALT was established in Athy in 1847 by the Minch family. While the industry is highly reliant on the use of energy, gas and electricity and drinking-quality water, Minch Malt employ best-in-class practices and technologies to optimise use of these resources. The "Origin Green" ***programme*** is the pathway for Boortmalt used to improve sustainability at farm level. This process has culminated in Boortmalt receiving the Sustainable ***Agricultural*** Initiative (SAI) "silver" award, July, 2017. Through SAI "silver" status Boortmalt is involved in continual improvement, finding ways to develop more sustainable growing processes, products and activities that preserve natural resources and contribute to the economic and social improvement of our farming community. Their ongoing efforts to achieve sustainability have resulted in several achievements to date. Pictured are Alan Dempsey, Group Craft Manager, Tom Bryan, Maltings Barley Technical Manager, Patrick Kennedy, Maltings Manager, John Crean, Malting Barley Operations Manager and Noel Gaffney, Plant Performance Manager HEINEKEN IRELAND HEINEKEN Ireland is a wholly owned subsidiary of Heineken NV and is a leading beer and cider company in the Irish marketplace based in Cork since 1856. Since 2010, the company has been on a journey towards achieving 2020 sustainability commitments as outlined in its "Brewing a Better World" ***programme*** as part of Origin Green. The strategy was devised following a series of meetings that brought stakeholders together including NGOs such as Greenpeace and Amnesty International, scientists, industry and governments, along with internal specialists, to share insights. Highlights from the company's 2016 Sustainability Report include a total reduction in water usage per hectolitre of beer of 8pc since 2008 and becoming one of the most water-efficient breweries in Heineken, the conversion to 100pc renewable electricity resulting in a 52pc reduction in CO2 emissions per hl from production since 2008. In addition, 100pc of malted barley is now sourced from Irish farmers. Pictured are Tara Doyle, Corporate Affairs Assistant, and Sandy Boundy, Communications & CSR Manager of Heineken Ireland.

KERRY GROUP Kerry Group is a world leader in the food industry, providing the largest portfolio of 'Taste & Nutrition' technologies and systems and 'Functional Ingredients & Actives' for the global food, beverage and pharmaceutical industries. The group has a comprehensive and clearly defined sustainability strategy that underpins its business model. It is currently on track to deliver on targets by 2020 which include a 26pc reduction in carbon intensity, a 14pc reduction in water intensity, a 26pc reduction in waste intensity and zero waste to landfill (where technically feasible). The Group works closely with a range of charities and community groups at home and abroad including international food ***programmes*** in association with Concern Worldwide and the World Food ***Programme*** (WFP) the food assistance branch of the United Nations. More locally, the Group also has ***programmes*** focusing on Entrepreneurship, Education, Arts, Sports and Community Development. Frank Hayes, Director of Corporate Affairs, Kerry Group, is pictured.

DAWN MEATS Dawn Meats, established in Co Waterford in 1980, is a second-generation family-owned Irish company with operations in nine European countries marketing quality beef and lamb products to a global customer base in over 40 countries. Dawn Meats has been a verified member of Origin Green since 2012. It believes that its sustainability ***programme***, and association with Origin Green, offers a distinct commercial advantage in engagement with customers, stakeholders and thought leaders across the world. To date Dawn Meats has achieved a 57pc reduction in CO2 intensity, 45pc reduction in water intensity, and a 41pc reduction in energy intensity. Through the installation of heat exchange pumps, air source heat pumps, operational efficiencies, solar-powered street lighting, an integrated constructed wetland and 100pc renewable energy, one Dawn Meats site now operates with a 95pc reduction in CO2, equating to a saving of approximately 4,200 tonnes of CO2 annually. In 2015, through new waste management contracts, the company set a target of zero waste to landfill by 2020, which was achieved at the end of 2016. Paul Nolan, Group Development Manager, and David O'Flynn, Group Head of CSR, are pictured.

Sustainability, Project Impact Award An additional sustainability award will be announced for one of the following companies who have demonstrated outstanding impact from a specific project. These include Sam Dennigan, Monaghan Mushrooms and Butlers Chocolate BUTLERS CHOCOLATES Established in 1932, Butlers Chocolates is Ireland's leading family-owned ***producer*** of premium luxury chocolates and confectionery. Sustainability and respect for the greater environment have always been at the core of its philosophy. Signing up to Origin Green shortly after the ***programme*** began gave the company an opportunity to formalise initiatives already under way and to become more ***strategic*** in its approach. The company sources ingredients and packaging locally where possible which has positive effects both in terms of emissions (less road/air miles needed) and commercially (jobs and business benefit to Irish companies). The company is also committed to sourcing ethically traded ingredients (such as chocolate and FairTrade coffee). One major initiative has been around sustainable chocolate supply where the company has signed up to the Cocoa Horizons Foundation, an independent, non-profit organisation which helps to support farmers and their communities. Since Butlers began its Origin Green journey, the company has decreased its carbon emissions and has achieved reductions in water usage and zero waste to landfill. In 2016, the company made a ***strategic*** decision to install solar panels on its 90,000 square foot factory roof which became the largest solar panel installation in an industrial premises in the country. Marketing Director Aisling Walsh is pictured.

MONAGHAN MUSHROOMS Monaghan Mushrooms is one of the world's largest fresh mushroom companies, supplying to leading national and international retailers. The Monaghan Mushrooms group currently employs almost 3,500 people across its facilities in Ireland, the UK, The Netherlands, Belgium, Germany and Canada. Since becoming a verified Origin Green member, Monaghan Mushrooms has achieved a 12.5pc reduction in the volume of plastic used in a typical mushroom punnet and is working with customers to introduce fully recyclable paper punnets. It has also achieved a 33-55pc reduction in the volume of waste sent to landfill across all Irish sites and invested in six new energy efficient lorries. It has also signed up with FareShare and FoodCloud Hub to alleviate hunger by capturing surplus food and redistributing it. Environmental Manager Donna McKenna is pictured.

SAM DENNIGAN AND COMPANY UC Sam Dennigan and Company UC was founded in 1976 in Oldtown, North County Dublin. This family business, run by two brothers and directors Joe and Sam Dennigan, is now one of the country's leading fresh ***produce*** companies, employing over 600 people at three locations in Ireland and a procurement and sales office in Spain. In 2014, recognising that company growth could not be looked at in isolation from the environment, it embarked on its sustainability journey. A Charter ***Plan*** was devised outlining sustainability targets. These included a focus on local, quality sourcing to maintain a supply base with 100pc accreditation by Bord Bia under the Bord Bia Quality Assurance Scheme or by British Retail Consortium, which has since been achieved. The company also put a large focus on improving resource efficiency which for 2016 has resulted in a 5.57pc reduction in electricity, a 7.47pc reduction in fuel usage, while 78.05pc of waste is now recycled. The company also installed a meter to measure water usage and introduced a biological water treatment process, to offset the large volumes of water used in supplying washed potatoes. Liam Glennon, Origin Green Team Co-Ordinator, and Jelena Zaharcuka, Sales Executive, are pictured.

**Load-Date:** November 16, 2017

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[***Washington: CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2018***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PNP-7S21-F0YC-N55N-00000-00&context=1516831)

Impact News Service

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**Body**

Washington: The Library of Congress, The Government of USA has issued the following house proceeding:

 The SPEAKER pro tempore (Mr. Newhouse). Pursuant to House Resolution 553 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the state of the Union for the further consideration of the concurrent resolution, H. Con. Res. 71. Will the gentleman from Idaho (Mr. Simpson) kindly take the chair. {time} 0911 In the Committee of the Whole Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the concurrent resolution (H. Con. Res. 71) establishing the congressional budget for the United States Government for fiscal year 2018 and setting forth the appropriate budgetary levels for fiscal years 2019 through 2027, with Mr. Simpson (Acting Chair) in the chair. The Clerk read the title of the concurrent resolution. The Acting CHAIR.

When the Committee of the Whole rose on Wednesday, October 4, 2017, amendment No. 2 printed in House Report 115-339 offered by the gentleman from Virginia (Mr. Scott) had been disposed of. Amendment No. 3 in the Nature of a Substitute Offered by Mr. McClintock The Acting CHAIR. It is now in order to consider amendment No. 3 printed in House Report 115-339. Mr. McCLINTOCK. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment in the nature of a substitute is as follows: Strike all after the resolving clause and insert the following: SECTION 1. CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2018. (a) Declaration.--The Congress determines and declares that this concurrent resolution establishes the budget for fiscal year 2018 and sets forth appropriate budgetary levels for fiscal years 2019 through 2027. (b) Table of Contents.--The table of contents for this concurrent resolution is as follows: Sec. 1. Concurrent resolution on the budget for fiscal year 2018. TITLE I--RECOMMENDED LEVELS AND AMOUNTS Sec. 101. Recommended levels and amounts. Sec. 102. Major functional categories. TITLE II--RECONCILIATION Sec. 201. Reconciliation in the house of representatives. TITLE III--BUDGET ENFORCEMENT Subtitle A--Budget Enforcement in the House of Representatives Sec. 301. Point of order against increasing long-term direct spending. Sec. 302. Allocation for Overseas Contingency Operations/Global War on Terrorism. Sec. 303. Limitation on changes in certain mandatory ***programs***. Sec. 304. GAO report. Sec. 305. Estimates of debt service costs. Sec. 306. Fair-value credit estimates. Sec. 307. Estimates of major direct spending legislation. Sec. 308. Estimates of macroeconomic effects of major legislation. Sec. 309. Adjustments for improved control of budgetary resources. Sec. 310. Limitation on advance appropriations. Sec. 311. Scoring rule for Energy Savings Performance Contracts. Sec. 312. Estimates of land conveyances. Sec. 313. Limitation on transfers from the general fund of the Treasury to the Highway Trust Fund. Sec. 314. Prohibition on the use of guarantee fees as an offset. Sec. 315. Prohibition on use of Federal Reserve surpluses as an offset. Subtitle B--Other Provisions Sec. 321. Budgetary treatment of administrative expenses. Sec. 322. Application and effect of changes in allocations and aggregates. Sec. 323. Adjustments to reflect changes in concepts and definitions. Sec. 324. Adjustments to reflect updated budgetary estimates. Sec. 325. Adjustment for certain emergency designations. Sec. 326. Exercise of rulemaking powers. TITLE IV--RESERVE FUNDS Sec. 401. Reserve fund for the repeal of the 2010 health care laws. [[Page H7847]] Sec. 402. Deficit-neutral reserve fund for additional measures relating to the replacement of Obamacare. Sec. 403. Deficit-neutral reserve fund related to the Medicare provisions of the 2010 health care laws. Sec. 404. Deficit-neutral reserve fund for reforming the tax code. Sec. 405. Deficit-neutral reserve fund for trade agreements. Sec. 406. Reserve fund for revenue measures. Sec. 407. Deficit-neutral reserve fund for infrastructure reform. Sec. 408. Deficit-neutral reserve fund to reduce poverty and increase opportunity and upward mobility. Sec. 409. Implementation of a deficit and long-term debt reduction agreement. Sec. 410. Deficit-neutral reserve account for reforming SNAP. Sec. 411. Deficit-neutral reserve fund for Social Security Disability Insurance Reform. Sec. 412. Deficit-neutral reserve fund for Federal retirement reform. Sec. 413. Deficit-neutral reserve fund for defense sequester replacement. Sec. 414. Reserve fund for commercialization of air traffic control. TITLE V--POLICY STATEMENTS Sec. 501. Policy statement on Obamacare repeal. Sec. 502. Policy statement on replacing Obamacare. Sec. 503. Policy statement on Medicare. Sec. 504. Policy statement on Medicaid State flexibility block grants. Sec. 505. Policy statement on Social Security. Sec. 506. Policy statement on means-tested welfare ***programs***. Sec. 507. Policy statement on reform of the Supplemental Nutrition Assistance ***Program***. Sec. 508. Policy statement on work requirements. Sec. 509. Policy statement on a carbon tax. Sec. 510. Policy statement on economic growth and job creation. Sec. 511. Policy statement on tax reform. Sec. 512. Policy statement on trade. Sec. 513. Policy statement on energy production. Sec. 514. Policy statement on Federal regulatory budgeting and reform. Sec. 515. Policy statement on Federal funding of abortion. Sec. 516. Policy statement on transportation reform. Sec. 517. Policy statement on the Department of Veterans Affairs. Sec. 518. Policy statement on reducing unnecessary, wasteful, and unauthorized spending. Sec. 519. Policy statement on a balanced budget amendment. Sec. 520. Policy statement on deficit reduction through the cancellation of unobligated balances. Sec. 521. Policy statement on reforming the congressional budget process. Sec. 522. Policy statement on Federal accounting. Sec. 523. Policy statement on agency fees and spending. TITLE I--RECOMMENDED LEVELS AND AMOUNTS SEC. 101. RECOMMENDED LEVELS AND AMOUNTS. The following budgetary levels are appropriate for each of fiscal years 2018 through 2027: (1) Federal revenues.--For purposes of the enforcement of this resolution: (A) The recommended levels of Federal revenues are as follows: Fiscal year 2018: $2,668,877,000,000. Fiscal year 2019: $2,756,890,000,000. Fiscal year 2020: $2,850,457,000,000. Fiscal year 2021: $2,947,616,000,000. Fiscal year 2022: $3,079,775,000,000. Fiscal year 2023: $3,210,906,000,000. Fiscal year 2024: $3,349,213,000,000. Fiscal year 2025: $3,502,499,000,000. Fiscal year 2026: $3,672,058,000,000. Fiscal year 2027: $3,842,299,000,000. (B) The amounts by which the aggregate levels of Federal revenues should be changed are as follows: Fiscal year 2018: -$64,692,000,000. Fiscal year 2019: -$76,618,000,000. Fiscal year 2020: -$100,119,000,000. Fiscal year 2021: -$112,295,000,000. Fiscal year 2022: -$103,141,000,000. Fiscal year 2023: -$107,010,000,000. Fiscal year 2024: -$113,215,000,000. Fiscal year 2025: -$119,679,000,000. Fiscal year 2026: -$117,320,000,000. Fiscal year 2027: -$116,088,000,000. (2) New budget authority.--For purposes of the enforcement of this resolution, the appropriate levels of total new budget authority are as follows: Fiscal year 2018: $2,869,547,000,000. Fiscal year 2019: $2,894,948,000,000. Fiscal year 2020: $2,895,989,000,000. Fiscal year 2021: $2,925,467,000,000. Fiscal year 2022: $3,056,667,000,000. Fiscal year 2023: $3,054,334,000,000. Fiscal year 2024: $3,152,483,000,000. Fiscal year 2025: $3,296,588,000,000. Fiscal year 2026: $3,397,043,000,000. Fiscal year 2027: $3,451,336,000,000. (3) Budget outlays.--For purposes of the enforcement of this resolution, the appropriate levels of total budget outlays are as follows: Fiscal year 2018: $2,809,440,000,000. Fiscal year 2019: $2,876,701,000,000. Fiscal year 2020: $2,881,466,000,000. Fiscal year 2021: $2,955,056,000,000. Fiscal year 2022: $3,056,336,000,000. Fiscal year 2023: $3,039,746,000,000. Fiscal year 2024: $3,124,286,000,000. Fiscal year 2025: $3,264,841,000,000. Fiscal year 2026: $3,380,506,000,000. Fiscal year 2027: $3,435,219,000,000. (4) Deficits.--For purposes of the enforcement of this resolution, the amounts of the deficits are as follows: Fiscal year 2018: $140,563,000,000. Fiscal year 2019: $119,811,000,000. Fiscal year 2020: $31,009,000,000. Fiscal year 2021: $7,440,000,000. Fiscal year 2022: -$23,439,000,000. Fiscal year 2023: -$171,160,000,000. Fiscal year 2024: -$224,927,000,000. Fiscal year 2025: -$237,658,000,000. Fiscal year 2026: -$291,552,000,000. Fiscal year 2027: -$407,080,000,000. (5) Public debt.--Pursuant to section 301(a)(5) of the Congressional Budget Act of 1974 (2 U.S.C 632(a)(5)), the appropriate levels of the public debt are as follows: Fiscal year 2018: $20,705,790,000,000. Fiscal year 2019: $21,342,481,000,000. Fiscal year 2020: $21,881,784,000,000. Fiscal year 2021: $22,365,586,000,000. Fiscal year 2022: $22,732,612,000,000. Fiscal year 2023: $22,971,856,000,000. Fiscal year 2024: $ 23,180,660,000,000. Fiscal year 2025: $23,283,603,000,000. Fiscal year 2026: $23,324,552,000,000. Fiscal year 2027: $23,082,487,000,000. (6) Debt held by the public.--The appropriate levels of debt held by the public are as follows: Fiscal year 2018: $15,046,000,000,000. Fiscal year 2019: $15,593,666,000,000. Fiscal year 2020: $16,095,547,000,000. Fiscal year 2021: $16,568,776,000,000. Fiscal year 2022: $16,984,250,000,000. Fiscal year 2023: $17,277,258,000,000. Fiscal year 2024: $17,552,761,000,000. Fiscal year 2025: $17,774,272,000,000. Fiscal year 2026: $17,922,572,000,000. Fiscal year 2027: $17,943,641,000,000. SEC. 102. MAJOR FUNCTIONAL CATEGORIES. The Congress determines and declares that the budgetary levels of new budget authority and outlays for fiscal years 2018 through 2027 for each major functional category are: (1) National Defense (050): Fiscal year 2018: (A) New budget authority, $676,050,000,000. (B) Outlays, $652,657,000,000. Fiscal year 2019: (A) New budget authority, $676,241,000,000. (B) Outlays, $651,644,000,000. Fiscal year 2020: (A) New budget authority, $676,460,000,000. (B) Outlays, $650,005,000,000. Fiscal year 2021: (A) New budget authority, $674,719,000,000. (B) Outlays, $647,508,000,000. Fiscal year 2022: (A) New budget authority, $673,902,000,000. (B) Outlays, $660,780,000,000. Fiscal year 2023: (A) New budget authority, $688,039,000,000. (B) Outlays, $673,944,000,000. Fiscal year 2024: (A) New budget authority, $702,217,000,000. (B) Outlays, $684,734,000,000. Fiscal year 2025: (A) New budget authority, $716,434,000,000. (B) Outlays, $703,603,000,000. Fiscal year 2026: (A) New budget authority, $732,456,000,000. (B) Outlays, $719,347,000,000. Fiscal year 2027: (A) New budget authority, $747,635,000,000. (B) Outlays, $734,397,000,000. (2) International Affairs (150): Fiscal year 2018: (A) New budget authority, $23,236,000,000. (B) Outlays, $24,424,000,000. Fiscal year 2019: (A) New budget authority, $21,568,000,000. (B) Outlays, $22,103,000,000. Fiscal year 2020: (A) New budget authority, $21,517,000,000. (B) Outlays, $21,810,000,000. Fiscal year 2021: (A) New budget authority, $21,508,000,000. (B) Outlays, $21,469,000,000. Fiscal year 2022: (A) New budget authority, $20,270,000,000. (B) Outlays, $20,485,000,000. Fiscal year 2023: (A) New budget authority, $21,068,000,000. (B) Outlays, $20,712,000,000. Fiscal year 2024: (A) New budget authority, $21,881,000,000. (B) Outlays, $21,222,000,000. Fiscal year 2025: (A) New budget authority, $21,712,000,000. (B) Outlays, $20,885,000,000. Fiscal year 2026: (A) New budget authority, $23,636,000,000. (B) Outlays, $21,669,000,000. Fiscal year 2027: (A) New budget authority, $23,168,000,000. (B) Outlays, $22,148,000,000. (3) General Science, Space, and Technology (250): Fiscal year 2018: (A) New budget authority, $22,308,000,000. (B) Outlays, $23,519,000,000. Fiscal year 2019: (A) New budget authority, $22,775,000,000. (B) Outlays, $22,977,000,000. Fiscal year 2020: (A) New budget authority, $23,253,000,000. (B) Outlays, $22,986,000,000. Fiscal year 2021: (A) New budget authority, $23,767,000,000. (B) Outlays, $23,276,000,000. Fiscal year 2022: (A) New budget authority, $24,304,000,000. (B) Outlays, $23,709,000,000. [[Page H7848]] Fiscal year 2023: (A) New budget authority, $24,844,000,000. (B) Outlays, $24,141,000,000. Fiscal year 2024: (A) New budget authority, $25,393,000,000. (B) Outlays, $24,567,000,000. Fiscal year 2025: (A) New budget authority, $25,979,000,000. (B) Outlays, $25,050,000,000. Fiscal year 2026: (A) New budget authority, $26,573,000,000. (B) Outlays, $25,549,000,000. Fiscal year 2027: (A) New budget authority, $27,172,000,000. (B) Outlays, $26,041,000,000. (4) Energy (270): Fiscal year 2018: (A) New budget authority, -$8,602,000,000. (B) Outlays, -$2,530,000,000. Fiscal year 2019: (A) New budget authority, -$4,244,000,000. (B) Outlays, -$5,977,000,000. Fiscal year 2020: (A) New budget authority, -$16,964,000,000. (B) Outlays, -$17,686,000,000. Fiscal year 2021: (A) New budget authority, -$3,169,000,000. (B) Outlays, -$4,702,000,000. Fiscal year 2022: (A) New budget authority, -$3,537,000,000. (B) Outlays, -$5,190,000,000. Fiscal year 2023: (A) New budget authority, -$4,421,000,000. (B) Outlays, -$5,716,000,000. Fiscal year 2024: (A) New budget authority, -$4,734,000,000. (B) Outlays, -$5,847,000,000. Fiscal year 2025: (A) New budget authority, -$5,297,000,000. (B) Outlays, -$6,261,000,000. Fiscal year 2026: (A) New budget authority, -$3,080,000,000. (B) Outlays, -$4,096,000,000. Fiscal year 2027: (A) New budget authority, -$3,103,000,000. (B) Outlays, -$4,023,000,000. (5) Natural Resources and Environment (300): Fiscal year 2018: (A) New budget authority, $25,767,000,000. (B) Outlays, $28,952,000,000. Fiscal year 2019: (A) New budget authority, $25,537,000,000. (B) Outlays, $27,056,000,000. Fiscal year 2020: (A) New budget authority, $26,593,000,000. (B) Outlays, $26,854,000,000. Fiscal year 2021: (A) New budget authority, $25,691,000,000. (B) Outlays, $25,651,000,000. Fiscal year 2022: (A) New budget authority, $26,868,000,000. (B) Outlays, $26,566,000,000. Fiscal year 2023: (A) New budget authority, $26,593,000,000. (B) Outlays, $26,211,000,000. Fiscal year 2024: (A) New budget authority, $26,062,000,000. (B) Outlays, $25,672,000,000. Fiscal year 2025: (A) New budget authority, $26,353,000,000. (B) Outlays, $25,908,000,000. Fiscal year 2026: (A) New budget authority, $26,671,000,000. (B) Outlays, $26,184,000,000. Fiscal year 2027: (A) New budget authority, $26,910,000,000. (B) Outlays, $26,423,000,000. (6) ***Agriculture*** (350): Fiscal year 2018: (A) New budget authority, $14,107,000,000. (B) Outlays, $13,344,000,000. Fiscal year 2019: (A) New budget authority, $9,013,000,000. (B) Outlays, $8,632,000,000. Fiscal year 2020: (A) New budget authority, $9,551,000,000. (B) Outlays, $9,313,000,000. Fiscal year 2021: (A) New budget authority, $6,276,000,000. (B) Outlays, $6,084,000,000. Fiscal year 2022: (A) New budget authority, $7,061,000,000. (B) Outlays, $6,864,000,000. Fiscal year 2023: (A) New budget authority, $7,335,000,000. (B) Outlays, $7,157,000,000. Fiscal year 2024: (A) New budget authority, $7,647,000,000. (B) Outlays, $7,424,000,000. Fiscal year 2025: (A) New budget authority, $8,077,000,000. (B) Outlays, $7,817,000,000. Fiscal year 2026: (A) New budget authority, $8,397,000,000. (B) Outlays, $8,139,000,000. Fiscal year 2027: (A) New budget authority, $8,968,000,000. (B) Outlays, $8,702,000,000. (7) Commerce and Housing Credit (370): Fiscal year 2018: (A) New budget authority, -$8,186,000,000. (B) Outlays, -$22,020,000,000. Fiscal year 2019: (A) New budget authority, -$9,217,000,000. (B) Outlays, -$19,316,000,000. Fiscal year 2020: (A) New budget authority, -$12,865,000,000. (B) Outlays, -$22,514,000,000. Fiscal year 2021: (A) New budget authority, -$15,782,000,000. (B) Outlays, -$25,946,000,000. Fiscal year 2022: (A) New budget authority, -$14,917,000,000. (B) Outlays, -$26,024,000,000. Fiscal year 2023: (A) New budget authority, -$14,287,000,000. (B) Outlays, -$26,184,000,000. Fiscal year 2024: (A) New budget authority, -$12,818,000,000. (B) Outlays, -$26,083,000,000. Fiscal year 2025: (A) New budget authority, -$11,941,000,000. (B) Outlays, -$26,606,000,000. Fiscal year 2026: (A) New budget authority, -$12,981,000,000. (B) Outlays, -$27,462,000,000. Fiscal year 2027: (A) New budget authority, -$13,895,000,000. (B) Outlays, -$28,552,000,000. (8) Transportation (400): Fiscal year 2018: (A) New budget authority, $83,577,000,000. (B) Outlays, $87,088,000,000. Fiscal year 2019: (A) New budget authority, $84,185,000,000. (B) Outlays, $85,804,000,000. Fiscal year 2020: (A) New budget authority, $78,240,000,000. (B) Outlays, $85,577,000,000. Fiscal year 2021: (A) New budget authority, $34,883,000,000. (B) Outlays, $73,156,000,000. Fiscal year 2022: (A) New budget authority, $61,918,000,000. (B) Outlays, $60,185,000,000. Fiscal year 2023: (A) New budget authority, $62,040,000,000. (B) Outlays, $63,708,000,000. Fiscal year 2024: (A) New budget authority, $62,551,000,000. (B) Outlays, $64,529,000,000. Fiscal year 2025: (A) New budget authority, $63,337,000,000. (B) Outlays, $63,885,000,000. Fiscal year 2026: (A) New budget authority, $64,366,000,000. (B) Outlays, $63,747,000,000. Fiscal year 2027: (A) New budget authority, $65,450,000,000. (B) Outlays, $64,337,000,000. (9) Community and Regional Development (450): Fiscal year 2018: (A) New budget authority, $3,198,000,000. (B) Outlays, $13,646,000,000. Fiscal year 2019: (A) New budget authority, $3,014,000,000. (B) Outlays, $12,275,000,000. Fiscal year 2020: (A) New budget authority, $3,020,000,000. (B) Outlays, $8,434,000,000. Fiscal year 2021: (A) New budget authority, $3,058,000,000. (B) Outlays, $6,715,000,000. Fiscal year 2022: (A) New budget authority, $3,206,000,000. (B) Outlays, $4,562,000,000. Fiscal year 2023: (A) New budget authority, $3,197,000,000. (B) Outlays, $3,751,000,000. Fiscal year 2024: (A) New budget authority, $3,232,000,000. (B) Outlays, $3,282,000,000. Fiscal year 2025: (A) New budget authority, $3,337,000,000. (B) Outlays, $3,275,000,000. Fiscal year 2026: (A) New budget authority, $3,463,000,000. (B) Outlays, $3,278,000,000. Fiscal year 2027: (A) New budget authority, $3,336,000,000. (B) Outlays, $3,239,000,000. (10) Education, Training, Employment, and Social Services (500): Fiscal year 2018: (A) New budget authority, $48,903,000,000. (B) Outlays, $62,454,000,000. Fiscal year 2019: (A) New budget authority, $53,383,000,000. (B) Outlays, $54,945,000,000. Fiscal year 2020: (A) New budget authority, $51,158,000,000. (B) Outlays, $51,683,000,000. Fiscal year 2021: (A) New budget authority, $50,256,000,000. (B) Outlays, $50,598,000,000. Fiscal year 2022: (A) New budget authority, $48,825,000,000. (B) Outlays, $49,530,000,000. Fiscal year 2023: (A) New budget authority, $50,483,000,000. (B) Outlays, $50,228,000,000. Fiscal year 2024: (A) New budget authority, $49,941,000,000. (B) Outlays, $50,665,000,000. Fiscal year 2025: (A) New budget authority, $49,334,000,000. (B) Outlays, $50,210,000,000. Fiscal year 2026: (A) New budget authority, $49,170,000,000. (B) Outlays, $50,141,000,000. Fiscal year 2027: (A) New budget authority, $49,302,000,000. (B) Outlays, $50,344,000,000. (11) Health (550): Fiscal year 2018: (A) New budget authority, $454,509,000,000. (B) Outlays, $432,501,000,000. Fiscal year 2019: (A) New budget authority, $435,341,000,000. (B) Outlays, $439,994,000,000. Fiscal year 2020: (A) New budget authority, $457,516,000,000. (B) Outlays, $448,856,000,000. Fiscal year 2021: (A) New budget authority, $450,448,000,000. (B) Outlays, $455,861,000,000. Fiscal year 2022: (A) New budget authority, $456,758,000,000. (B) Outlays, $461,189,000,000. Fiscal year 2023: (A) New budget authority, $465,309,000,000. (B) Outlays, $466,743,000,000. Fiscal year 2024: (A) New budget authority, $473,437,000,000. (B) Outlays, $471,674,000,000. Fiscal year 2025: (A) New budget authority, $479,987,000,000. (B) Outlays, $476,960,000,000. Fiscal year 2026: (A) New budget authority, $484,487,000,000. (B) Outlays, $481,009,000,000. Fiscal year 2027: [[Page H7849]] (A) New budget authority, $483,275,000,000. (B) Outlays, $485,571,000,000. (12) Medicare (570): Fiscal year 2018: (A) New budget authority, $591,229,000,000. (B) Outlays, $590,967,000,000. Fiscal year 2019: (A) New budget authority, $650,283,000,000. (B) Outlays, $650,040,000,000. Fiscal year 2020: (A) New budget authority, $674,221,000,000. (B) Outlays, $674,017,000,000. Fiscal year 2021: (A) New budget authority, $707,798,000,000. (B) Outlays, $707,601,000,000. Fiscal year 2022: (A) New budget authority, $778,613,000,000. (B) Outlays, $778,407,000,000. Fiscal year 2023: (A) New budget authority, $774,353,000,000. (B) Outlays, $774,163,000,000. Fiscal year 2024: (A) New budget authority, $774,204,000,000. (B) Outlays, $774,007,000,000. Fiscal year 2025: (A) New budget authority, $842,125,000,000. (B) Outlays, $841,909,000,000. Fiscal year 2026: (A) New budget authority, $924,327,000,000. (B) Outlays, $924,102,000,000. Fiscal year 2027: (A) New budget authority, $989,487,000,000. (B) Outlays, $989,265,000,000. (13) Income Security (600): Fiscal year 2018: (A) New budget authority, $472,681,000,000. (B) Outlays, $458,878,000,000. Fiscal year 2019: (A) New budget authority, $427,283,000,000. (B) Outlays, $418,415,000,000. Fiscal year 2020: (A) New budget authority, $433,650,000,000. (B) Outlays, $424,439,000,000. Fiscal year 2021: (A) New budget authority, $438,723,000,000. (B) Outlays, $430,323,000,000. Fiscal year 2022: (A) New budget authority, $442,003,000,000. (B) Outlays, $439,172,000,000. Fiscal year 2023: (A) New budget authority, $421,768,000,000. (B) Outlays, $415,075,000,000. Fiscal year 2024: (A) New budget authority, $428,653,000,000. (B) Outlays, $417,101,000,000. Fiscal year 2025: (A) New budget authority, $434,146,000,000. (B) Outlays, $423,466,000,000. Fiscal year 2026: (A) New budget authority, $441,856,000,000. (B) Outlays, $436,970,000,000. Fiscal year 2027: (A) New budget authority, $448,955,000,000. (B) Outlays, $443,434,000,000. (14) Social Security (650): Fiscal year 2018: (A) New budget authority, $39,475,000,000. (B) Outlays, $39,475,000,000. Fiscal year 2019: (A) New budget authority, $43,016,000,000. (B) Outlays, $43,016,000,000. Fiscal year 2020: (A) New budget authority, $46,287,000,000. (B) Outlays, $46,287,000,000. Fiscal year 2021: (A) New budget authority, $49,748,000,000. (B) Outlays, $49,748,000,000. Fiscal year 2022: (A) New budget authority, $53,392,000,000. (B) Outlays, $53,392,000,000. Fiscal year 2023: (A) New budget authority, $57,378,000,000. (B) Outlays, $57,378,000,000. Fiscal year 2024: (A) New budget authority, $61,764,000,000. (B) Outlays, $61,764,000,000. Fiscal year 2025: (A) New budget authority, $66,388,000,000. (B) Outlays, $66,388,000,000. Fiscal year 2026: (A) New budget authority, $70,871,000,000. (B) Outlays, $70,871,000,000. Fiscal year 2027: (A) New budget authority, $75,473,000,000. (B) Outlays, $75,473,000,000. (15) Veterans Benefits and Services (700): Fiscal year 2018: (A) New budget authority, $176,704,000,000. (B) Outlays, $178,038,000,000. Fiscal year 2019: (A) New budget authority, $191,507,000,000. (B) Outlays, $190,235,000,000. Fiscal year 2020: (A) New budget authority, $194,930,000,000. (B) Outlays, $193,931,000,000. Fiscal year 2021: (A) New budget authority, $199,751,000,000. (B) Outlays, $197,856,000,000. Fiscal year 2022: (A) New budget authority, $215,442,000,000. (B) Outlays, $213,337,000,000. Fiscal year 2023: (A) New budget authority, $212,567,000,000. (B) Outlays, $210,444,000,000. Fiscal year 2024: (A) New budget authority, $209,943,000,000. (B) Outlays, $207,908,000,000. Fiscal year 2025: (A) New budget authority, $227,991,000,000. (B) Outlays, $225,820,000,000. Fiscal year 2026: (A) New budget authority, $234,947,000,000. (B) Outlays, $232,660,000,000. Fiscal year 2027: (A) New budget authority, $243,718,000,000. (B) Outlays, $241,501,000,000. (16) Administration of Justice (750): Fiscal year 2018: (A) New budget authority, $49,987,000,000. (B) Outlays, $59,438,000,000. Fiscal year 2019: (A) New budget authority, $56,597,000,000. (B) Outlays, $57,202,000,000. Fiscal year 2020: (A) New budget authority, $58,054,000,000. (B) Outlays, $58,361,000,000. Fiscal year 2021: (A) New budget authority, $59,354,000,000. (B) Outlays, $59,249,000,000. Fiscal year 2022: (A) New budget authority, $60,365,000,000. (B) Outlays, $60,203,000,000. Fiscal year 2023: (A) New budget authority, $61,908,000,000. (B) Outlays, $61,705,000,000. Fiscal year 2024: (A) New budget authority, $63,488,000,000. (B) Outlays, $63,252,000,000. Fiscal year 2025: (A) New budget authority, $65,105,000,000. (B) Outlays, $64,669,000,000. Fiscal year 2026: (A) New budget authority, $68,048,000,000. (B) Outlays, $68,333,000,000. Fiscal year 2027: (A) New budget authority, $68,351,000,000. (B) Outlays, $67,818,000,000. (17) General Government (800): Fiscal year 2018: (A) New budget authority, $17,757,000,000. (B) Outlays, $17,400,000,000. Fiscal year 2019: (A) New budget authority, $17,972,000,000. (B) Outlays, $17,497,000,000. Fiscal year 2020: (A) New budget authority, $17,346,000,000. (B) Outlays, $17,159,000,000. Fiscal year 2021: (A) New budget authority, $16,959,000,000. (B) Outlays, $16,817,000,000. Fiscal year 2022: (A) New budget authority, $16,488,000,000. (B) Outlays, $16,407,000,000. Fiscal year 2023: (A) New budget authority, $19,594,000,000. (B) Outlays, $19,325,000,000. Fiscal year 2024: (A) New budget authority, $19,274,000,000. (B) Outlays, $19,140,000,000. Fiscal year 2025: (A) New budget authority, $18,930,000,000. (B) Outlays, $18,796,000,000. Fiscal year 2026: (A) New budget authority, $18,518,000,000. (B) Outlays, $18,400,000,000. Fiscal year 2027: (A) New budget authority, $18,035,000,000. (B) Outlays, $17,942,000,000. (18) Net Interest (900): Fiscal year 2018: (A) New budget authority, $373,956,000,000. (B) Outlays, $373,956,000,000. Fiscal year 2019: (A) New budget authority, $399,575,000,000. (B) Outlays, $399,575,000,000. Fiscal year 2020: (A) New budget authority, $432,397,000,000. (B) Outlays, $432,397,000,000. Fiscal year 2021: (A) New budget authority, $464,410,000,000. (B) Outlays, $464,410,000,000. Fiscal year 2022: (A) New budget authority, $492,279,000,000. (B) Outlays, $492,279,000,000. Fiscal year 2023: (A) New budget authority, $516,440,000,000. (B) Outlays, $516,440,000,000. Fiscal year 2024: (A) New budget authority, $532,410,000,000. (B) Outlays, $532,410,000,000. Fiscal year 2025: (A) New budget authority, $544,916,000,000. (B) Outlays, $544,916,000,000. Fiscal year 2026: (A) New budget authority, $555,256,000,000. (B) Outlays, $555,256,000,000. Fiscal year 2027: (A) New budget authority, $554,858,000,000. (B) Outlays, $554,969,000,000. (19) Allowances (920): Fiscal year 2018: (A) New budget authority, -$103,895,000,000. (B) Outlays, -$139,536,000,000. Fiscal year 2019: (A) New budget authority, -$122,471,000,000. (B) Outlays, -$113,004,000,000. Fiscal year 2020: (A) New budget authority, -$192,059,000,000. (B) Outlays, -$164,127,000,000. Fiscal year 2021: (A) New budget authority, -$192,585,000,000. (B) Outlays, -$160,271,000,000. Fiscal year 2022: (A) New budget authority, -$213,001,000,000. (B) Outlays, -$185,944,000,000. Fiscal year 2023: (A) New budget authority, -$239,872,000,000. (B) Outlays, -$219,297,000,000. Fiscal year 2024: (A) New budget authority, -$186,688,000,000. (B) Outlays, -$167,764,000,000. Fiscal year 2025: (A) New budget authority, -$165,184,000,000. (B) Outlays, -$150,710,000,000. Fiscal year 2026: (A) New budget authority, -$201,905,000,000. (B) Outlays, -$176,558,000,000. Fiscal year 2027: (A) New budget authority, -$237,951,000,000. (B) Outlays, -$216,002,000,000. (20) Undistributed Offsetting Receipts (950): Fiscal year 2018: (A) New budget authority, -$83,212,000,000. (B) Outlays, -$83,212,000,000. Fiscal year 2019: (A) New budget authority, -$86,409,000,000. (B) Outlays, -$86,409,000,000. Fiscal year 2020: (A) New budget authority, -$86,316,000,000. (B) Outlays, -$86,316,000,000. Fiscal year 2021: (A) New budget authority, -$90,347,000,000. (B) Outlays, -$90,347,000,000. Fiscal year 2022: [[Page H7850]] (A) New budget authority, -$93,573,000,000. (B) Outlays, -$93,573,000,000. Fiscal year 2023: (A) New budget authority, -$100,001,000,000. (B) Outlays, -$100,001,000,000. Fiscal year 2024: (A) New budget authority, -$105,371,000,000. (B) Outlays, -$105,371,000,000. Fiscal year 2025: (A) New budget authority, -$115,139,000,000. (B) Outlays, -$115,139,000,000. Fiscal year 2026: (A) New budget authority, -$117,033,000,000. (B) Outlays, -$117,033,000,000. Fiscal year 2027: (A) New budget authority, -$127,808,000,000. (B) Outlays, -$127,808,000,000. (21) Overseas Contingency Operations/Global War on Terrorism (970): Fiscal year 2018: (A) New budget authority, $0. (B) Outlays, $0. Fiscal year 2019: (A) New budget authority, $0. (B) Outlays, $0. Fiscal year 2020: (A) New budget authority, $0. (B) Outlays, $0. Fiscal year 2021: (A) New budget authority, $0. (B) Outlays, $0. Fiscal year 2022: (A) New budget authority, $0. (B) Outlays, $0. Fiscal year 2023: (A) New budget authority, $0. (B) Outlays, $0. Fiscal year 2024: (A) New budget authority, $0. (B) Outlays, $0. Fiscal year 2025: (A) New budget authority, $0. (B) Outlays, $0. Fiscal year 2026: (A) New budget authority, $0. (B) Outlays, $0. Fiscal year 2027: (A) New budget authority, $0. (B) Outlays, $0. TITLE II--RECONCILIATION SEC. 201. RECONCILIATION IN THE HOUSE OF REPRESENTATIVES. (a) Submission Providing for Deficit Reduction.--Not later than 90 days after the adoption of this resolution, the committees named in subsection (b) shall submit their recommendations on changes in laws within their jurisdictions to the Committee on the Budget that would achieve the specified reduction in the deficit for the period of fiscal years 2018 through 2027. (b) Instructions.-- (1) Committee on ***agriculture***.--The Committee on ***Agriculture*** shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by $327,704,000,000 for the period of fiscal years 2018 through 2027. (2) Committee on armed services.--The Committee on Armed Services shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by $32,601,000,000 for the period of fiscal years 2018 through 2027. (3) Committee on education and the workforce.--The Committee on Education and the Workforce shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by $441,015,000,000 for the period of fiscal years 2018 through 2027. (4) Committee on energy and commerce.--The Committee on Energy and Commerce shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by $2,665,188,000,000 for the period of fiscal years 2018 through 2027. (5) Committee on financial services.--The Committee on Financial Services shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by $154,083,000,000 for the period of fiscal years 2018 through 2027. (6) Committee on homeland security.--The Committee on Homeland Security shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by $24,689,000,000 for the period of fiscal years 2018 through 2027. (7) Committee on the judiciary.--The Committee on the Judiciary shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by $67,178,000,000 for the period of fiscal years 2018 through 2027. (8) Committee on natural resources.--The Committee on Natural Resources shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by $59,302,000,000 for the period of fiscal years 2018 through 2027. (9) Committee on oversight and government reform.--The Committee on Oversight and Government Reform shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by $447,960,000,000 for the period of fiscal years 2018 through 2027. (10) Committee on transportation and infrastructure.--The Committee on Transportation and Infrastructure shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by $5,561,000,000 for the period of fiscal years 2018 through 2027. (11) Committee on veterans' affairs.--The Committee on Veterans' Affairs shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by $49,022,000,000 for the period of fiscal years 2018 thr

ough 2027. (12) Committee on ways and means.--The Committee on Ways and Means shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by $1,417,836,000,000 for the period of fiscal years 2018 through 2027. (c) Revision of Budgetary Levels.-- (1) In general.--In the House of Representatives, the chair of the Committee on the Budget may file appropriately revised allocations, aggregates, and functional levels upon the consideration of a reconciliation measure under section 310 of the Congressional Budget Act of 1974 or amendment thereto, or the submission of a conference report to the House of Representatives pursuant to this section, if it is in compliance with the reconciliation directives by virtue of section 310(c) of the Congressional Budget Act of 1974. (2) Revision.--Allocations and aggregates revised pursuant to this subsection shall be considered to be the allocations and aggregates established by this concurrent resolution on the budget pursuant to section 301 of the Congressional Budget Act of 1974. (d) Purpose of Reconciliation Instructions.--It is the policy of this resolution that the reconciliation instructions provided pursuant to this section are to be used for-- (1) enacting the mandatory spending reforms recommended by this resolution; and (2) enacting comprehensive tax reform. TITLE III--BUDGET ENFORCEMENT Subtitle A--Budget Enforcement in the House of Representatives SEC. 301. POINT OF ORDER AGAINST INCREASING LONG-TERM DIRECT SPENDING. (a) Congressional Budget Office Analysis of Proposals.--The Director of the Congressional Budget Office shall, to the extent practicable, prepare an estimate of whether a measure would cause a net increase in direct spending in the House of Representatives, in excess of $5,000,000,000 in any of the 4 consecutive 10-fiscal year periods beginning with the first fiscal year that is 10 fiscal years after the budget year provided for in the most recently agreed to concurrent resolution on the budget in the House of Representatives, for each bill or joint resolution other than an appropriation measure and any amendment thereto or conference report thereon. (b) Point of Order.--It shall not be in order in the House of Representatives to consider any bill or joint resolution, or amendment thereto or conference report thereon, that would cause a net increase in direct spending in excess of $5,000,000,000 in any of the 4 consecutive 10-fiscal year periods described in subsection (a). (c) Limitation.--In the House of Representatives, the provisions of this section shall not apply to any bills or joint resolutions, or amendments thereto or conference reports thereon, for which the chair of the Committee on the Budget has made adjustments to the allocations, levels, or limits contained in this concurrent resolution pursuant to section 401. (d) Determinations of Budget Levels.--For purposes of this section, the levels of net increases in direct spending shall be determined on the basis of estimates provided by the chair of the Committee on the Budget of the House of Representatives. SEC. 302. ALLOCATION FOR OVERSEAS CONTINGENCY OPERATIONS/ GLOBAL WAR ON TERRORISM. (a) Separate Allocation for Overseas Contingency Operations/Global War on Terrorism.--In the House of Representatives, there shall be a separate allocation of new budget authority and outlays provided to the Committee on Appropriations for the purposes of Overseas Contingency Operations/Global War on Terrorism, which shall be deemed to be an allocation under section 302(a) of the Congressional Budget Act of 1974. Section 302(a)(3) of such Act shall not apply to such separate allocation. (b) 302 Allocations.--The separate allocation referred to in subsection (a) shall be the exclusive allocation for Overseas Contingency Operations/Global War on Terrorism under section 302(b) of the Congressional Budget Act of 1974. The Committee on Appropriations of the House of Representatives may provide suballocations of such separate allocation under such section 302(b). (c) Application.--For purposes of enforcing the separate allocation referred to in subsection (a) under section 302(f) of the Congressional Budget Act of 1974, the ``first fiscal year'' and the ``total of fiscal years'' shall be deemed to refer to fiscal year 2018. Section 302(c) of such Act shall not apply to such separate allocation. (d) Designations.--New budget authority or outlays shall only be counted toward the allocation referred to in subsection (a) if designated pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. (e) Adjustments.--For purposes of subsection (a) for fiscal year 2018, no adjustment shall be made under section 314(a) of the Congressional Budget Act of 1974 if any adjustment would be made under section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. (f) Adjustments to Fund Overseas Contingency Operations/ Global War on Terrorism.--In the House of Representatives, the chair of the Committee on the Budget may adjust the allocations, aggregates, and other appropriate budgetary levels related to Overseas Contingency Operations/Global War on Terrorism or the allocation under section 302(a) of the Congressional Budget Act of 1974 to the Committee on Appropriations set forth in the report or joint explanatory [[Page H7851]] statement of managers, as applicable, accompanying this concurrent resolution to account for new information. SEC. 303. LIMITATION ON CHANGES IN CERTAIN MANDATORY ***PROGRAMS***. (a) Definition.--In this section, the term ``change in mandatory ***programs***'' means a provision that-- (1) would have been estimated as affecting direct spending or receipts under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 (as in effect prior to September 30, 2002) if the provision was included in legislation other than appropriation Acts; and (2) results in a net decrease in budget authority in the budget year, but does not result in a net decrease in outlays over the period of the total of the current year, the budget year, and all fiscal years covered under the most recently agreed to concurrent resolution on the budget. (b) Point of Order in the House of Representatives.-- (1) In general.--A provision in a bill or joint resolution making appropriations for a full fiscal year that proposes a change in mandatory ***programs*** that, if enacted, would cause the absolute value of the total budget authority of all such change in mandatory ***programs*** enacted in relation to a full fiscal year to be more than the amount specified in paragraph (3), shall not be in order in the House of Representatives. (2) Amendments and conference reports.--It shall not be in order in the House of Representatives to consider an amendment to, or a conference report on, a bill or joint resolution making appropriations for a full fiscal year if such amendment thereto or conference report thereon proposes a change in mandatory ***programs*** that, if enacted, would cause the absolute value of the total budget authority of all such change in mandatory ***programs*** enacted in relation to a full fiscal year to be more than the amount specified in paragraph (3). (3) Amount.--The amount specified in this paragraph is-- (A) for fiscal year 2018, $17,000,000,000; (B) for fiscal year 2019, $15,000,000,000; and (C) for fiscal year 2020, $13,000,000,000. (c) Determination.--For purposes of this section, budgetary levels shall be determined on the basis of estimates provided by the chair of the Committee on the Budget. SEC. 304. GAO REPORT. (a) GAO Submission.--At a date specified by the chair of the Committee on the Budget of the House of Representatives, the Comptroller General, in consultation with the chair, the Director of the Congressional Budget Office, and the Director of the Office of Management and Budget, shall submit to the chair a comprehensive list of all current direct spending ***programs*** of the Government. (b) Publication.--The chair of the Committee on the Budget shall cause to be printed in the Congressional Record the list submitted under subsection (a). The chair shall publish such list on the Committee's public Web site. Such publication shall be searchable, sortable, and downloadable. SEC. 305. ESTIMATES OF DEBT SERVICE COSTS. In the House of Representatives, the chair of the Committee on the Budget may direct the Congressional Budget Office to include in any estimate prepared under section 402 of the Congressional Budget Act of 1974 with respect to any bill or joint resolution, or an estimate of an amendment thereto or conference report thereon, an estimate of any change in debt service costs (if any) resulting from carrying out such bill or resolution. Any estimate of debt servicing costs provided under this section shall be advisory and shall not be used for purposes of enforcement of such Act, the Rules of the House of Representatives, or this concurrent resolution. This section shall not apply to authorizations of discretionary ***programs*** or to appropriation measures, but shall apply to changes in the authorization level of appropriated entitlements. SEC. 306. FAIR-VALUE CREDIT ESTIMATES. (a) All Credit ***Programs***.--Whenever the Director of the Congressional Budget Office provides an estimate of any measure that establishes or modifies any ***program*** providing loans or loan guarantees, the Director shall, to the extent practicable, provide a supplemental fair-value estimate of any loan or loan guarantee ***program*** if requested by the chair of the Committee on the Budget. (b) Student Financial Assistance and Housing ***Programs***.--The Director of the Congressional Budget Office shall provide a supplemental fair-value estimate as part of any estimate for any measure establishing or modifying a ***program*** providing loans or loan guarantees for student financial assistance or housing (including residential mortgage). (c) Baseline Estimates.--The Congressional Budget Office shall include estimates, on a fair-value and credit reform basis, of loan and loan guarantee ***programs*** for student financial assistance, housing (including residential mortgage), and such other major loan and loan guarantee ***programs***, as practicable, in its Budget and Economic Outlook: 2018 to 2027. SEC. 307. ESTIMATES OF MAJOR DIRECT SPENDING LEGISLATION. The Congressional Budget Office shall prepare, to the extent practicable, an estimate of the outlay changes during the second and third decade of enactment for any direct spending legislative provision-- (1) that proposes a change or changes to law that the Congressional Budget Office determines has an outlay impact in excess of 0.25 percent of the gross domestic product of the United States during the first decade or in the tenth year; or (2) for which the chair of the Committee on the Budget of the House of Representatives requests such an estimate. SEC. 308. ESTIMATES OF MACROECONOMIC EFFECTS OF MAJOR LEGISLATION. (a) CBO and JCT Estimates.--During the 114th and 115th Congresses, any estimate provided by the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974 or by the Joint Committee on Taxation to the Congressional Budget Office under section 201(f) of such Act for major legislation considered in the House of Representatives shall, to the extent practicable, incorporate the budgetary effects of changes in economic output, employment, capital stock, and other macroeconomic variables resulting from such major legislation. (b) Contents.--Any estimate referred to in subsection (a) shall, to the extent practicable, include-- (1) a qualitative assessment of the budgetary effects (including macroeconomic variables described in subsection (a)) of major legislation in the 20-fiscal year period beginning after the last fiscal year of the most recently agreed to concurrent resolution on the budget that sets forth budgetary levels required under section 301 of the Congressional Budget Act of 1974; and (2) an identification of the critical assumptions and the source of data underlying that estimate. (c) Definitions.--In this section: (1) Major legislation.--The term ``major legislation'' means a bill or joint resolution, or amendment thereto or conference report thereon-- (A) for which an estimate is required to be prepared pursuant to section 402 of the Congressional Budget Act of 1974 and that causes a gross budgetary effect (before incorporating macroeconomic effects and not including timing shifts) in a fiscal year in the period of years of the most recently agreed to concurrent resolution on the budget equal to or greater than 0.25 percent of the current projected gross domestic product of the United States for that fiscal year; or (B) designated as such by-- (i) the chair of the Committee on the Budget of the House of Representatives for all direct spending and revenue legislation; or (ii) the Member who is Chairman or Vice Chairman of the Joint Committee on Taxation for revenue legislation. (2) Budgetary effects.--The term ``budgetary effects'' means changes in revenues, direct spending outlays, and deficits. (3) Timing shifts.--The term ``timing shifts'' means-- (A) provisions that cause a delay of the date on which outlays flowing from direct spending would otherwise occur from one fiscal year to the next fiscal year; or (B) provisions that cause an acceleration of the date on which revenues would otherwise occur from one fiscal year to the prior fiscal year. SEC. 309. ADJUSTMENTS FOR IMPROVED CONTROL OF BUDGETARY RESOURCES. (a) Adjustments of Discretionary and Direct Spending Levels.--In the House of Representatives, if a committee (other than the Committee on Appropriations) reports a bill or joint resolution, or any amendment thereto is offered or any conference report thereon is submitted, providing for a decrease in direct spending (budget authority and outlays flowing therefrom) for any fiscal year and also provides for an authorization of appropriations for the same purpose, upon the enactment of such measure, the chair of the Committee on the Budget may decrease the allocation to such committee and increase the allocation of discretionary spending (budget authority and outlays flowing therefrom) to the Committee on Appropriations for fiscal year 2018 by an amount equal to the new budget authority (and outlays flowing therefrom) provided for in a bill or joint resolution making appropriations for the same purpose. (b) Determinations.--In the House of Representatives, for purposes of enforcing this concurrent resolution, the allocations and aggregate levels of new budget authority, outlays, direct spending, revenues, deficits, and surpluses for fiscal year 2018 and the period of fiscal years 2018 through 2027 shall be determined on the basis of estimates made by the chair of the Committee on the Budget and such chair may adjust the applicable levels in this concurrent resolution. SEC. 310. LIMITATION ON ADVANCE APPROPRIATIONS. (a) In General.--In the House of Representatives, except as provided for in subsection (b), any bill or joint resolution, or amendment thereto or conference report thereon, making a general appropriation or continuing appropriation may not provide advance appropriations. (b) Exceptions.--An advance appropriation may be provided for ***programs***, projects, activities, or accounts identified in the report or the joint explanatory statement of managers, as applicable, accompanying this concurrent resolution under the heading-- (1) General.--``Accounts Identified for Advance Appropriations''. (2) Veterans.--``Veterans Accounts Identified for Advance Appropriations''. (c) Limitations.--The aggregate level of advance appropriations shall not exceed-- (1) General.--$28,852,000,000 in new budget authority for all ***programs*** identified pursuant to subsection (b)(1). [[Page H7852]] (2) Veterans.--$70,699,313,000 in new budget authority for ***programs*** in the Department of Veterans Affairs identified pursuant to subsection (b)(2). (d) Definition.--The term ``advance appropriation'' means any new discretionary budget authority provided in a bill or joint resolution, or any amendment thereto or conference report thereon, making general appropriations or continuing appropriations, for the fiscal year following fiscal year 2018. SEC. 311. SCORING RULE FOR ENERGY SAVINGS PERFORMANCE CONTRACTS. (a) In General.--The Director of the Congressional Budget Office shall estimate provisions of any bill or joint resolution, or amendment thereto or conference report thereon that affects the use of any covered energy savings contract on a net present value basis. (b) NPV Calculations.--The net present value of any covered energy savings contract shall be calculated as follows: (1) The discount rate shall reflect market risk. (2) The cash flows shall include, whether classified as mandatory or discretionary, payments to contractors under the terms of their contracts, payments to contractors for other services, and direct savings in energy and energy-related costs. (3) The stream of payments shall cover the period covered by the contracts but not to exceed 25 years. (c) Definition.--As used in this section, the term ``covered energy savings contract'' means-- (1) an energy savings performance contract authorized under section 801 of the National Energy Conservation Policy Act; or (2) a utility energy service contract, as described in the Office of Management and Budget Memorandum on Federal use of energy savings performance contracting, dated July 25, 1998 (M-98-13), and the Office of Management and Budget Memorandum on the Federal use of energy saving performance contracts and utility energy service contracts, dated September 28, 2012 (M-12-21), or any successor to either memorandum. (d) Enforcement in the House of Representatives.--In the House of Representatives, if any present value calculated under subsection (b) results in a net savings, then such savings may not be used as an offset for purposes of budget enforcement. (e) Classification of Spending.--For purposes of budget enforcement, the estimated net present value of the budget authority provided by the measure, and outlays flowing therefrom, shall be classified as direct spending. (f) Sense of the House of Representatives.--It is the sense of the House of Representatives that-- (1) the Director of the Office of Management and Budget, in consultation with the Director of the Congressional Budget Office, should separately identify the cash flows under subsection (b)(2) and include such information in the President's annual budget submission under section 1105(a) of title 31, United States Code; and (2) the scoring method used in this section should not be used to score any contracts other than covered energy savings contracts. SEC. 312. ESTIMATES OF LAND CONVEYANCES. In the House of Representatives, the Director of the Congressional Budget Office shall include in any estimate prepared under section 402 of the Congressional Budget Act of 1974 with respect to any measure that conveys Federal land to any non-Federal entity-- (1) the methodology used to calculate such estimate; (2) a detailed justification of its estimate of any change in revenue, offsetting receipts, or offsetting collections resulting from such conveyance; (3) if requested by the chair of the Committee on the Budget, any information provided by the Bureau of Land Management or other applicable Federal agency, including the source and date of such information, that supports the estimate of any change in revenue, offsetting receipts, or offsetting collections; (4) a description of any efforts to independently verify such agency estimate; and (5) a statement of the assumptions underlying the estimate of the budgetary effects that would be generated by such parcel in CBO's baseline projections as of the most recent publication or update. SEC. 313. LIMITATION ON TRANSFERS FROM THE GENERAL FUND OF THE TREASURY TO THE HIGHWAY TRUST FUND. In the House of Representatives, for purposes of the Congressional Budget Act of 1974, the Balanced Budget and Emergency Deficit Control Act of 1985, and the rules or orders of the House of Representatives, a bill or joint resolution, or an amendment thereto or conference report thereon, that transfers funds from the general fund of the Treasury to the Highway Trust Fund shall be counted as new budget authority and outlays equal to the amount of the transfer in the fiscal year the transfer occurs. SEC. 314. PROHIBITION ON THE USE OF GUARANTEE FEES AS AN OFFSET. In the House of Representatives, any provision of a bill or joint resolution, or amendment thereto or conference report thereon, that increases, or extends the increase of, any guarantee fees of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation shall not be counted for purposes of enforcing the Congressional Budget Act of 1974, this concurrent resolution, or clause 10 of rule XXI of the Rules of the House of Representatives. SEC. 315. PROHIBITION ON USE OF FEDERAL RESERVE SURPLUSES AS AN OFFSET. In the House of Representatives, any provision of a bill or joint resolution, or amendment thereto or conference report thereon, that transfers any portion of the net surplus of the Federal Reserve System to the general fund of the Treasury shall not be counted for purposes of enforcing the Congressional Budget Act of 1974, this concurrent resolution, or clause 10 of rule XXI of the Rules of the House of Representatives. Subtitle B--Other Provisions SEC. 321. BUDGETARY TREATMENT OF ADMINISTRATIVE EXPENSES. (a) In General.--In the House of Representatives, notwithstanding section 302(a)(1) of the Congressional Budget Act of 1974, section 13301 of the Budget Enforcement Act of 1990, and section 2009a of title 39, United States Code, the report or the joint explanatory statement, as applicable, accompanying this concurrent resolution shall include in its allocation under section 302(a) of the Congressional Budget Act of 1974 to the Committee on Appropriations amounts for the discretionary administrative expenses of the Social Security Administration and the United States Postal Service. (b) Special Rule.--In the House of Representatives, for purposes of enforcing section 302(f) of the Congressional Budget Act of 1974, estimates of the level of total new budget authority and total outlays provided by a measure shall include any discretionary amounts described in subsection (a). SEC. 322. APPLICATION AND EFFECT OF CHANGES IN ALLOCATIONS AND AGGREGATES. (a) Application.--In the House of Representatives, any adjustments of allocations and aggregates made pursuant to this concurrent resolution shall-- (1) apply while that measure is under consideration; (2) take effect upon the enactment of that measure; and (3) be published in the Congressional Record as soon as practicable. (b) Effect of Changed Allocations and Aggregates.--Revised allocations and aggregates resulting from these adjustments shall be considered for the purposes of the Congressional Budget Act of 1974 as the allocations and aggregates contained in this concurrent resolution. (c) Budget Committee Determinations.--For purposes of this concurrent resolution, the budgetary levels for a fiscal year or period of fiscal years shall be determined on the basis of estimates made by the chair of the Committee on the Budget of the House of Representatives. (d) Aggregates, Allocations and Application.--In the House of Representatives, for purposes of this concurrent resolution and budget enforcement, the consideration of any bill or joint resolution, or amendment thereto or conference report thereon, for which the chair of the Committee on the Budget makes adjustments or revisions in the allocations, aggregates, and other budgetary levels of this concurrent resolution shall not be subject to the points of order set forth in clause 10 of rule XXI of the Rules of the House of Representatives or section 301 of this concurrent resolution. SEC. 323. ADJUSTMENTS TO REFLECT CHANGES IN CONCEPTS AND DEFINITIONS. In the House of Representatives, the chair of the Committee on the Budget may adjust the appropriate aggregates, allocations, and other budgetary levels in this concurrent resolution for any change in budgetary concepts and definitions in accordance with section 251(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985. SEC. 324. ADJUSTMENTS TO REFLECT UPDATED BUDGETARY ESTIMATES. In the House of Representatives, the chair of the Committee on the Budget may revise the appropriate aggregates, allocations, and other budgetary levels in this concurrent resolution to reflect any adjustments to the baseline made by the Congressional Budget Office. SEC. 325. ADJUSTMENT FOR CERTAIN EMERGENCY DESIGNATIONS. In the House of Representatives, the chair of the Committee on the Budget may adjust the appropriate aggregates, allocations, and other budgetary levels for any bill or joint resolution, or amendment thereto or conference report thereon, that designates an emergency under section 4(g)(2) of the Statutory Pay-As-You-Go Act of 2010. SEC. 326. EXERCISE OF RULEMAKING POWERS. The House of Representatives adopts the provisions of this title, title II, and title VII-- (1) as an exercise of the rulemaking power of the House of Representatives, and as such they shall be considered as part of the rules of the House of Representatives, and such rules shall supersede other rules only to the extent that they are inconsistent with such other rules; and (2) with full recognition of the constitutional right of the House of Representatives to change those rules at any time, in the same manner, and to the same extent as is the case of any other rule of the House of Representatives. TITLE IV--RESERVE FUNDS SEC. 401. RESERVE FUND FOR THE REPEAL OF THE 2010 HEALTH CARE LAWS. In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this concurrent resolution for the budgetary [[Page H7853]] effects of any bill or joint resolution, or amendment thereto or conference report thereon, that only consists of a full repeal the Patient Protection and Affordable Care Act and the health care-related provisions of the Health Care and Education Reconciliation Act of 2010. SEC. 402. DEFICIT-NEUTRAL RESERVE FUND FOR ADDITIONAL MEASURES RELATING TO THE REPLACEMENT OF OBAMACARE. In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this concurrent resolution for the budgetary effects of any bill or joint resolution, or amendment thereto or conference report thereon, that repeals or replaces provisions of the Patient Protection and Affordable Care Act or the Health Care and Education Reconciliation Act of 2010, if such measure would not increase the deficit for the period of fiscal years 2018 through 2027. SEC. 403. DEFICIT-NEUTRAL RESERVE FUND RELATED TO THE MEDICARE PROVISIONS OF THE 2010 HEALTH CARE LAWS. In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this concurrent resolution for the budgetary effects of any bill or joint resolution, or amendment thereto or conference report thereon, that repeals all or part of the decreases in Medicare spending included in the Patient Protection and Affordable Care Act or the Health Care and Education Reconciliation Act of 2010, if such measure would not increase the deficit for the period of fiscal years 2018 through 2027. SEC. 404. DEFICIT-NEUTRAL RESERVE FUND FOR REFORMING THE TAX CODE. In the House, if the Committee on Ways and Means reports a bill or joint resolution that reforms the Internal Revenue Code of 1986, the chair of the Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this concurrent resolution for the budgetary effects of any such bill or joint resolution, or amendment thereto or conference report thereon, if such measure would not increase the deficit for the period of fiscal years 2018 through 2027 when the macroeconomic effects of such reforms are taken into account. SEC. 405. DEFICIT-NEUTRAL RESERVE FUND FOR TRADE AGREEMENTS. In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this concurrent resolution for the budgetary effects of any bill or joint resolution reported by the Committee on Ways and Means, or amendment thereto or conference report thereon, that such chair determines are necessary to implement a trade agreement, and the budgetary levels for any companion measure that offsets such trade measure, if the combined cost of each measure would not increase the deficit over the period of fiscal years 2018 through 2027. SEC. 406. RESERVE FUND FOR REVENUE MEASURES. In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this concurrent resolution for the budgetary effects of any bill or joint resolution reported by the Committee on Ways and Means, or amendment thereto or conference report thereon, that decreases revenue. SEC. 407. DEFICIT-NEUTRAL RESERVE FUND FOR INFRASTRUCTURE REFORM. In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this resolution for any bill or joint resolution, or amendment thereto or conference report thereon, if such measure reforms the Federal infrastructure funding system, but only if such measure would not increase the deficit over the period of fiscal years 2018 through 2027. SEC. 408. DEFICIT-NEUTRAL RESERVE FUND TO REDUCE POVERTY AND INCREASE OPPORTUNITY AND UPWARD MOBILITY. In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this resolution for any bill or joint resolution, or amendment thereto or conference report thereon, if such measure reforms policies and ***programs*** to reduce poverty and increase opportunity and upward mobility, but only if such measure would neither adversely impact job creation nor increase the deficit over the period of fiscal years 2018 through 2027. SEC. 409. IMPLEMENTATION OF A DEFICIT AND LONG-TERM DEBT REDUCTION AGREEMENT. In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this concurrent resolution to accommodate the enactment of a deficit and long-term debt reduction agreement if it includes permanent spending reductions and reforms to direct spending ***program***, and does not increase outlays in any fiscal year. SEC. 410. DEFICIT-NEUTRAL RESERVE ACCOUNT FOR REFORMING SNAP. In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this concurrent resolution for the budgetary effects of any bill or joint resolution, or amendment thereto or conference report thereon, that reforms the supplemental nutrition assistance ***program*** (SNAP), but only if such measure would not increase the deficit for the period of fiscal years 2018 through 2027. SEC. 411. DEFICIT-NEUTRAL RESERVE FUND FOR SOCIAL SECURITY DISABILITY INSURANCE REFORM. In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this concurrent resolution for the budgetary effects of any bill or joint resolution, or amendment thereto or conference report thereon, that reforms the Social Security Disability Insurance ***program*** under title II of the Social Security Act, but only if such measure would not increase the deficit for the period of fiscal years 2018 through 2027. SEC. 412. DEFICIT-NEUTRAL RESERVE FUND FOR FEDERAL RETIREMENT REFORM. In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other budgetary levels in this concurrent resolution for any bill or joint resolution, or amendment thereto or conference report thereon, if such measure reforms, improves and updates the Federal retirement system, as determined by such chair, but only if such measure would not increase the deficit over the period of fiscal years 2018 through 2027. SEC. 413. DEFICIT-NEUTRAL RESERVE FUND FOR DEFENSE SEQUESTER REPLACEMENT. The chair of the Committee on the Budget may revise the allocations, aggregates, and other budgetary levels in this concurrent resolution for any bill or joint resolution, or amendment thereto or conference report thereon, if such measure supports the following activities: Department of Defense training and maintenance associated with combat readiness, modernization of equipment, auditability of financial statements, or military compensation and benefit reforms, by the amount provided for these purposes, but only if such measure would not increase the deficit (without counting any net revenue increases in that measure) over the period of fiscal years 2018 through 2027. SEC. 414. RESERVE FUND FOR COMMERCIALIZATION OF AIR TRAFFIC CONTROL. (a) In General.--In the House of Representatives, the chair of the Committee on the Budget may adjust, at a time the chair deems appropriate, the section 302(a) allocation to the Committee on Transportation and Infrastructure and other applicable committees of the House of Representatives, aggregates, and other appropriate levels established in this concurrent resolution for a bill or joint resolution, or amendment thereto or conference report thereon, that commercializes the operations of the air traffic control system if such measure reduces the discretionary spending limits in section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 by the amount that would otherwise be appropriated to the Federal Aviation Administration for air traffic control. Adjustments to the section 302(a) allocation to the Committee on Appropriations, consistent with the adjustments to the discretionary spending limits under such section 251(c), shall only be made upon enactment of such measure. (b) Definition.--For purposes of this section, a measure that commercializes the operations of the air traffic control system shall be a measure that establishes a federally chartered, not-for-profit corporation that-- (1) is authorized to provide air traffic control services within the United States airspace; (2) sets user fees to finance its operations; (3) may borrow from private capital markets to finance improvements; (4) is governed by a board of directors composed of a CEO and directors whose fiduciary duty is to the entity; and (5) becomes the employer of those employees directly connected to providing air traffic control services and who the Secretary transfers from the Federal Government. TITLE V--POLICY STATEMENTS SEC. 501. POLICY STATEMENT ON OBAMACARE REPEAL. It is the policy of this resolution that the Patient Protection and Affordable Care Act (Public Law 111-148), and the Health Care and Education Reconciliation Act of 2010 (Public Law 111-152) should be repealed. SEC. 502. POLICY STATEMENT ON REPLACING OBAMACARE. (a) Findings.--The House finds the following: (1) Obamacare put Washington's priorities before those of patients'. The Affordable Care Act (ACA) has failed to reduce health care premiums as promised. Instead, the law mandated benefits and coverage levels, denying patients the opportunity to choose the type of coverage that best suits their health needs and driving up health coverage costs. A typical family's health care premiums were supposed to decline by $2,500; instead, average premiums have increased 105 percent. A study conducted by the nonpartisan Congressional Budget Office (CBO) estimated premiums to continue rising over the next decade, projecting an average increase of 8 percent per year between 2016 and 2018, and increasing by nearly 60 percent by 2026. (2) President Obama pledged, ``If you like your health care ***plan***, you can keep your health care ***plan***.'' Instead, CBO now estimated 7 million Americans will lose employment-based health coverage due to the health care law, further limiting patient choice. (3) Then-Speaker of the House Pelosi stated that the President's health care law [[Page H7854]] would create 4 million jobs over the life of the law and almost 400,000 jobs immediately. Instead, CBO estimated that by 2025 Obamacare will reduce the number of hours worked by approximately 2 million full-time equivalent workers, compared with what would have occurred in the absence of the law. Additionally, a study by the Mercatus Center at George Mason University estimated that Obamacare will reduce employment by up to 3 percent, or about 4 million full-time equivalent workers. (4) Since the ACA was signed into law, the Obama administration repeatedly failed to implement it as written. President Obama's unilateral actions resulted in numerous changes, delays, and exemptions. President Obama signed into law another 24 changes made by Congress. The Supreme Court struck down the forced expansion of Medicaid; ruled the individual ``mandate'' could only be characterized as a tax to remain constitutional; and rejected the requirement that closely held companies provide health insurance to their employees even if it violates the companies' religious beliefs. More than 7 years after enactment, the courts continue to evaluate the legality of how President Obama's administration implemented the law. All of these changes prove the folly of the underlying law; health care in the United States cannot be run from a centralized bureaucracy. (5) Obamacare is unaffordable, intrusive, overreaching, destructive, and unworkable. Its complex structure of subsidies, mandates, and penalties perversely impact individuals, married couples, and families. Those who previously had insurance along with those who did not have been funneled into a new system that is providing less access to doctors and treatments. Millions of Americans have been added to a broken Medicaid system that is incapable of providing the care promised. Cuts made to Medicare to fund a new entitlement are undermining the health security of seniors. Taxes and mandates are distorting the insurance market and harming the broader economy, resulting in fewer jobs and less opportunity. By design, Obamacare put Washington at the center of our health care system, at the expense of patients, families, physicians, and businesses. The ACA should be fully repealed, allowing for real patient- centered health care reform that puts patients first, not Washington. (b) Policy on Replacing Obamacare.--It is the policy of this resolution that Obamacare must not only be repealed, but also replaced by enacting the American Health Care Reform Act. SEC. 503. POLICY STATEMENT ON MEDICARE. (a) Findings.--The House finds the following: (1) More than 50 million Americans depend on Medicare for their health security. (2) The Medicare Trustees Report has repeatedly recommended that Medicare's long-term financial challenges be addressed soon. Each year without reform, the financial condition of Medicare becomes more precarious and the threat to those in or near retirement becomes more pronounced. According to the Medicare Trustees Report-- (A) the Hospital Insurance Trust Fund will be exhausted in 2028 and unable to pay scheduled benefits; (B) Medicare enrollment is expected to increase by over 50 percent in the next two decades, as 10,000 baby boomers reach retirement age each day; (C) current workers' payroll contributions pay for current beneficiaries; and (D) most Medicare beneficiaries receive about three dollars in Medicare benefits for every one dollar paid into the ***program***. (3) Failing to address this problem will leave millions of American seniors without adequate health security and younger generations burdened with enormous debt to pay for spending levels that cannot be sustained. (b) Policy on Medicare Reform.--It is the policy of this resolution to protect those in or near retirement from any disruptions to their Medicare benefits due to the ***program***'s impending bankruptcy, and instead offer beneficiaries more options, better care, with reduced costs for both benficiaries and the Federal Government, by modernizing Medicare. (c) Assumptions.--This resolution assumes reform of the Medicare ***program*** such that: (1) Medicare is preserved for current and future beneficiaries. (2) Medicare is reformed to provide a premium support payment and a selection of guaranteed health coverage options from which recipients can choose a ***plan*** that best suits their needs. (3) Medicare will maintain traditional fee-for-service as an option. (4) Medicare will provide additional assistance for lower- income beneficiaries and those with greater health risks. (5) Medicare spending is put on a sustainable path and the Medicare ***program*** becomes solvent over the long-term. (6) The Medicare eligibility age is gradually increased to keep pace with increases in longevity. (7) Medicare is simplified by combining parts A and B and reforms to Medigap ***plans*** are implemented. SEC. 504. POLICY STATEMENT ON MEDICAID STATE FLEXIBILITY BLOCK GRANTS. It is the policy of this resolution that Medicaid and the Children's Health Insurance ***Program*** (CHIP) should be block granted to the States in a manner prescribed by the State Health Flexibility Act. SEC. 505. POLICY STATEMENT ON SOCIAL SECURITY. (a) Findings.--The House finds the following: (1) More than 55 million retirees, individuals with disabilities, and survivors depend on Social Security. Since enactment, Social Security has served as a vital leg on the ``three-legged stool'' of retirement security, which includes employer provided benefits as well as personal savings. (2) The Social Security Trustees Report has repeatedly recommended that Social Security's long-term financial challenges be addressed soon. Each year without reform, the financial condition of Social Security becomes more precarious and the threat to seniors and those receiving Social Security disability benefits becomes more pronounced: (A) In 2022, the Disability Insurance Trust Fund will be exhausted and ***program*** revenues will be unable to pay scheduled benefits. (B) In 2034, the combined Old-Age and Survivors and Disability Trust Funds will be exhausted, and ***program*** revenues will be unable to pay scheduled benefits. (C) With the exhaustion of the Trust Funds in 2034, benefits will be cut nearly 25 percent across the board, devastating those currently in or near retirement and those who rely on Social Security the most. (3) The Disability Insurance ***program*** provides an income safety net for those with disabilities and their families. However, the ***program*** is in serious financial trouble. The number of beneficiaries has skyrocketed from 2.7 million in 1970 to 10.6 million in 2016. At the same time, the labor force participation rate has now fallen to the lowest levels since the 1970s. As a result, the Social Security Actuary now projects that the Disability Insurance Trust Fund will be depleted in 2023. (4) If this ***program*** is not reformed, families who rely on the lifeline that disability benefits provide will face benefit cuts of up to 11 percent in 2023, devastating individuals who need assistance the most. (5) Americans deserve action by the President, the House, and the Senate to preserve and strengthen Social Security. It is critical that action be taken to address the looming insolvency of Social Security. (b) Policy on Social Security.--It is the policy of this resolution that Congress should work to make Social Security sustainably solvent. This resolution assumes these reforms will include the following policies, based upon the Social Security Reform Act: (1) Adoption of a more accurate measure for calculating cost of living adjustments. (2) Adoption of adjustments to the full retirement age to reflect longevity. (3) Makes Social Security benefits more progressive over the long term, providing those most in need with a safety net in retirement. (c) Policy on Disability Insurance.--It is the policy of this resolution that Congress and the President should enact legislation on a bipartisan basis to reform the Disability Insurance ***program*** prior to its insolvency in 2016 and should not raid the Social Security retirement system without reforms to the Disability Insurance system. This resolutions assumes that reforms to the Disability Insurance ***program*** will include-- (1) encouraging work; (2) updates of the eligibility rules; (3) reducing fraud and abuse; (4) enactment of H.R 2031, the Social Security Disability Insurance and Unemployment Benefits Double Dip Elimination Act, to prohibit individuals from drawing benefits from both ***programs*** at the same time; and (5) enactment of H.R 1540, the Social Security Disability Insurance Return to Work Act, to allow the award of time- limited benefits for applicants whose medical recovery is anticipated in order to create new opportunities for beneficiaries. SEC. 506. POLICY STATEMENT ON MEANS-TESTED WELFARE ***PROGRAMS***. (a) Findings.--The House finds that: (1) Too many people are trapped at the bottom rungs of the economic ladder, and every citizen should have the opportunity to rise, escape from poverty, and achieve their own potential. (2) In 1996, President Bill Clinton and congressional Republicans enacted reforms that have moved families off of Federal ***programs*** and enabled them to provide for themselves. (3) Today, there are approximately 92 Federal ***programs*** on which Government at the Federal and State level spend more than $1 trillion annually that provide benefits specifically to poor and low-income Americans. (4) It should be the goal of welfare ***programs*** to encourage work and put people on a path to self-reliance. (b) Policy on Means-tested Welfare ***Programs***.--It is the policy of this resolution that-- (1) the welfare system should be reformed to give states flexibility to implement and improve safety net ***programs*** and that to be eligible for benefits, able bodied adults without dependents should be required to work or be preparing for work, including enrolling in educational or job training ***programs***, contributing community service, or participating in a supervised job search; and (2) the President's budget should disclose, in a clear and transparent manner, the aggregate amount of Federal welfare expenditures, as well as an estimate of State and local spending for this purpose, over the next ten years. [[Page H7855]] SEC. 507. POLICY STATEMENT ON REFORM OF THE SUPPLEMENTAL NUTRITION ASSISTANCE ***PROGRAM***. (a) SNAP.--It is the policy of the resolution that the Supplemental Nutrition Assistance ***Program*** be reformed so that: (1) Nutrition assistance funds should be distributed to the states as a block grant with funding subject to the annual discretionary appropriations process. (2) Funds from the grant must be used by the states to establish and maintain a work activation ***program*** for able- bodied adults without dependents. (3) It is the goal of this proposal to move those in need off of the assistance rolls and back into the workforce and towards self-sufficiency. (b) Assumptions.--This resolution assumes that, pending the enactment of reforms described in (a), the conversion of the Supplemental Nutrition Assistance ***Program*** into a flexible State allotment tailored to meet each State's needs. SEC. 508. POLICY STATEMENT ON WORK REQUIREMENTS. It is the policy of this resolution that all means-tested welfare ***programs*** should include work activation requirements for able-bodied adults. SEC. 509. POLICY STATEMENT ON A CARBON TAX. It is the policy of this resolution that a carbon tax would be detrimental to American families and businesses, and is not in the best interest of the United States. SEC. 510. POLICY STATEMENT ON ECONOMIC GROWTH AND JOB CREATION. (a) Findings.--The House finds the following: (1) Across the Nation, too many Americans are struggling to make ends meet. The slowly falling unemployment rate has masked an underlying crisis as millions of Americans have abandoned the work force and wages have stagnated. The labor force participation rate has plummeted to levels not seen since the Carter presidency. (2) Looking ahead, CBO expects the economy to grow by an average of just 1.9 percent over the next 10 years. That level of economic growth is simply unacceptable and insufficient to expand opportunities and the incomes of millions of middle-income Americans. (3) Sluggish economic growth has also contributed to the country's fiscal woes. Subpar growth means that revenue levels are lower than they would otherwise be while government spending (e.g welfare and income-support ***programs***) is higher. (4) The unsustainable fiscal trajectory has cast a shadow on the country's economic outlook. investors and businesses make decisions on a forward-looking basis. they know that today's large debt levels are simply tomorrow's tax hikes, interest rate increases, or inflation and they act accordingly. This debt overhang, and the uncertainty it generates, can weigh on growth, investment, and job creation. (5) Nearly all economists, including those at the CBO, conclude that reducing budget deficits (thereby bending the curve on debt levels) is a net positive for economic growth over time. (6) If the Government remains on the current fiscal path, future generations will face ever-higher debt service costs, a decline in national savings, and a ``crowding out'' of private investment. This dynamic will eventually lead to a decline in economic output and a diminution in our country's standard of living. (7) The key economic challenge is determining how to expand the economic pie, not how best to divide up and re-distribute a shrinking pie. (8) A stronger economy is vital to lowering deficit levels and eventually balancing the budget. According to CBO, if annual real GDP growth is just 0.1 percentage point higher over the budget window, deficits would be reduced by $273 billion. (9) This budget resolution therefore embraces pro-growth policies, such as fundamental tax reform, that will help foster a stronger economy, greater opportunities and more job creation. (b) Policy on Economic Growth and Job Creation.--It is the policy of this resolution to promote faster economic growth and job creation. By putting the budget on a sustainable path, this resolution ends the debt-fueled uncertainty holding back job creators. Reforms to the tax code will put American businesses and workers in a better position to compete and thrive in the 21st century global economy. This resolution targets the regulatory red tape and cronyism that stack the deck in favor of special interests. All of the reforms in this resolution serve as means to the larger end of helping the economy grow and expanding opportunity for all Americans. SEC. 511. POLICY STATEMENT ON TAX REFORM. (a) Findings.--The House finds the following: (1) A reformed tax code should be simple, fair, and promote (rather than impede) economic growth. The United States tax code fails on all 3 counts: it is complex, unfair, and inefficient. The tax code's complexity distorts decisions to work, save, and invest, which leads to slower economic growth, lower wages, and less job creation. (2) High marginal tax rates lessen the incentives to work, save, and invest, which reduces economic output and job creation. (3) The United States corporate income tax rate is the highest rate in the industrialized world. Tax rates this high suppress wages, discourage investment and job creation, distort business activity, and put American businesses at a competitive disadvantage with foreign competitors. (4) The ``world-wide'' structure of United States international taxation essentially taxes earnings of United States firms twice, putting them at a significant competitive disadvantage with competitors that have more competitive international tax systems. (5) The tax code imposes costs on American workers through lower wages, consumers in higher prices, and investors in diminished returns. (6) Closing tax loopholes to finance higher spending does not constitute fundamental tax reform. (7) Tax reform should curb or eliminate loopholes and use those savings to lower tax rates across the board, not to fund more wasteful Government spending. Washington has a spending problem, not a revenue problem. (8) Many economists believe that fundamental tax reform, including a broader tax base and lower tax rates, would lead to greater labor supply and increased investment, which would have a positive impact on total national output. (b) Policy on Tax Reform.--It is the policy of this resolution that Congress should enact legislation that provides for a comprehensive reform of the United States tax code to promote economic growth, create American jobs, increase wages, and benefit American consumers, investors, and workers through fundamental tax reform that is revenue- neutral on a dynamic basis that provides for the following: (1) Targets revenue neutrality based on a dynamic score that takes into account the macroeconomic effects of reform. (2) Collapses the current seven brackets for individuals into just three, with a top rate of no more than 33 percent. (3) Simplifies the tax code to ensure that fewer Americans will be required to itemize deductions. (4) Gives equal tax treatment to individual and employer healthcare expenditures modeled on the American Health Care Reform Act. (5) Encourages charitable giving. (6) Repeals the Death Tax. (7) Eliminates marriage penalties. (8) Provides tax-free universal savings accounts to reward saving. (9) Repeals the alternative minimum tax. (10) Reduces double taxation by lowering the top corporate rate to no more than 20 percent. (11) Reduces the rate for capital gains and dividends. (12) Encourages net investment, savings, and entrepreneurial activity, including full expensing. (13) Moves to a competitive territorial system of international taxation. (14) Ends distortionary special interest giveaways, such as the Wind Production Tax Credit. SEC. 512. POLICY STATEMENT ON TRADE. (a) Findings.--The House finds the following: (1) Opening foreign markets to American exports is vital to the United States economy and beneficial to American workers and consumers. (2) The United States can increase economic opportunities for American workers and businesses through the elimination of foreign trade barriers to United States goods and services. (3) American businesses and workers have shown that, on a level playing field, they can excel and surpass international competition. (b) Policy on Trade.--It is the policy of this concurrent resolution-- (1) to pursue international trade, global commerce, and a modern and competitive tax system to promote domestic job creation; (2) that the United States should continue to seek increased economic opportunities for American workers and businesses through high-standard trade agreements that satisfy negotiating objectives, including-- (A) the expansion of trade opportunities; (B) adherence to trade agreements and rules by the United States and its trading partners, and (C) the elimination of foreign trade barriers to United States goods and services by opening new markets and enforcing United States rights; and (3) that any trade agreement entered into on behalf of the United States should reflect the negotiating objectives and adhere to the provisions requiring improved consultation with Congress. SEC. 513. POLICY STATEMENT ON ENERGY PRODUCTION. It is the policy of this resolution that the Arctic National Wildlife Refuge (ANWR) and currently unavailable areas of the Outer Continental Shelf (OCS) should be open for energy exploration and production. SEC. 514. POLICY STATEMENT ON FEDERAL REGULATORY BUDGETING AND REFORM. (a) Findings.--The House finds the following: (1) Excessive Federal regulation-- (A) has hurt job creation, investment, wages, competition, and economic growth, slowing the Nation's recovery from the economic recession and harming American households; (B) operates as a regressive tax on poor and lower-income households; [[Page H7856]] (C) displaces workers into long-term unemployment or lower- paying jobs; (D) adversely affects small businesses, the primary source of new jobs; and (E) impedes economic growth. (2) Federal agencies routinely fail to identify and eliminate, minimize, or mitigate excess regulatory costs through post-implementation assessments of their regulations. (3) The United States Code of Federal Regulations now contains over 185,000 pages of regulations in 242 volumes. (4) Notwithstanding the size and growth of Federal regulations, Congress lacks an effective mechanism to manage the level of new Federal regulatory costs imposed each year. Other nations, meanwhile, have successfully implemented the use of regulatory budgeting to control excess regulation and regulatory costs. (5) Implementation of the Affordable Care Act has resulted in more than 177.9 million annual hours of regulatory compliance paperwork, $37.1 billion of regulatory compliance costs on the private sector, and $13 billion in regulatory compliance costs on the States. (6) Agencies impose costly regulations without relying on sound science through the use of judicial consent decrees and settlement agreements and the abuse of interim compliance costs imposed on regulated entities that bring legal challenges against newly promulgated regulations. (b) Policy on Federal Regulatory Budgeting and Reform.--It is the policy of this concurrent resolution that the House should, in consultation with the public, consider legislation that-- (1) promotes-- (A) economic growth, job creation, higher wages, and increased investment by eliminating unnecessary red tape and streamlining, simplifying and lowering the costs of Federal regulations; and (B) the adoption of least-cost regulatory alternatives to meet the objectives of Federal regulatory statutes; (2) protects-- (A) the poor and lower-income households from the regressive effects of excessive regulation; and (B) workers against the unnecessary elimination of jobs and loss or reduction of wages; (3) requires-- (A) an annual, congressional regulatory budget that establishes annual costs of regulations and allocates these costs amongst Federal regulatory agencies; (B) cost-benefit and regulatory impact analysis for new regulations proposed and promulgated by all Federal regulatory agencies; (C) advance notice of proposed rulemaking and makes evidentiary hearings available for critical disputed issues in the development of new major regulations; and (D) congressional approval of all new major regulations before the regulations can become effective, ensuring that Congress can better prevent the imposition of unsound costly new regulations; (4) reduces-- (A) regulatory barriers to entry into markets and other regulatory impediments to competition and innovation; and (B) the imposition of new Federal regulation that duplicates, overlaps or conflicts with State, local, and Tribal regulation or that impose unfunded mandates on State, local, and Tribal governments; and (5) eliminates the abuse of guidance to evade legal requirements applicable to the development and promulgation of new regulations. SEC. 515. POLICY STATEMENT ON FEDERAL FUNDING OF ABORTION. It is the policy of this resolution that no taxpayer dollars shall go to any entity that provides abortion services. SEC. 516. POLICY STATEMENT ON TRANSPORTATION REFORM. It is the policy of this resolution that State and local officials are in a much better position to understand the needs of local commuters, not bureaucrats in Washington. Federal funding for transportation should be phased down and limited to core Federal duties, including the interstate highway system, transportation infrastructure on Federal land, responding to emergencies, and research. As the level of Federal responsibility for transportation is reduced, Congress should also concurrently reduce the Federal gas tax. SEC. 517. POLICY STATEMENT ON THE DEPARTMENT OF VETERANS AFFAIRS. (a) Findings.--The House finds the following: (1) For years, there has been serious concern regarding the Department of Veterans Affairs (VA) bureaucratic mismanagement and continuous failure to provide veterans timely access to health care. (2) In 2015, for the first time, VA health care was added to Government Accountability Office's (GAO) ``high-risk'' list, due to mismanagement and oversight failures, which have resulted in untimely and inefficient health care. According to GAO, ``the absence of care and delays in providing care have harmed veterans.''. (3) The VA's failure to provide timely and accessible health care to our veterans is unacceptable. While Congress has done its part for more than a decade by providing sufficient funding for the VA, the administration has mismanaged these resources, resulting in proven adverse effects on veterans and their families. (b) Policy on the Department of Veterans Affairs.--It is the policy of this concurrent resolution that-- (1) the House Committee on Veterans' Affairs continue its oversight efforts to ensure the VA reassesses its core mission, including-- (A) reducing the number of bureaucratic layers; (B) reducing the number of senior and middle managers; (C) improving performance measure metrics; (D) strengthening the administration and oversight of contractors; and (E) supporting opportunities for veterans to pursue other viable options for their health care needs; and (2) the House Committee on Veterans' Affairs and the Committee on the Budget should continue to closely monitor the VA's progress to ensure VA resources are sufficient and efficiently provided to veterans. SEC. 518. POLICY STATEMENT ON REDUCING UNNECESSARY, WASTEFUL, AND UNAUTHORIZED SPENDING. (a) Findings.--The House finds the following: (1) The Government Accountability Office (GAO) is required by law to identify examples of waste, duplication, and overlap in Federal ***programs***, and has so identified dozens of such examples. (2) In its report to Congress on Government Efficiency and Effectiveness, the Comptroller General has stated that addressing the identified waste, duplication, and overlap in Federal ***programs*** could ``lead to tens of billions of dollars of additional savings.'' (3) In 2011, 2012, 2013, 2014, 2015, 2016, and 2017, the GAO issued reports showing excessive duplication and redundancy in Federal ***programs***. (4) Federal agencies reported an estimated $137 billion in improper payments in fiscal year 2015. (5) Under clause 2 of rule XI of the Rules of the House of Representatives, each standing committee must hold at least one hearing during each 120-day period following its establishment on waste, fraud, abuse, or mismanagement in Government ***programs***. (6) Clause 2(a)(1) of rule XXI of the House of Representatives prohibits an appropriation for an expenditure not previously authorized by law. Despite this longstanding prohibition, more than $310 billion has been appropriated for unauthorized ***programs*** in fiscal year 2016, spanning 256 separate laws. (7) The findings resulting from congressional oversight of Federal Government ***programs*** should result in programmatic changes in both authorizing statutes and ***program*** funding levels. (b) Policy on Reducing Unnecessary, Wasteful, and Unauthorized Spending.-- (1) Each authorizing committee annually should include in its Views and Estimates letter required under section 301(d) of the Congressional Budget Act of 1974 recommendations to the Committee on the Budget of ***programs*** within the jurisdiction of such committee whose funding should be reduced or eliminated. (2) Committees of jurisdiction should review all unauthorized ***programs*** funded through annual appropriations to determine if the ***programs*** are operating efficiently and effectively. (3) Committees should reauthorize those ***programs*** that in the committees' judgment should continue to receive funding. (4) For those ***programs*** not reauthorized by committees, the House of Representatives should enforce the limitations on funding such unauthorized ***programs*** in the House rules. SEC. 519. POLICY STATEMENT ON A BALANCED BUDGET AMENDMENT. (a) Findings.--The House finds the following: (1) The Government will collect approximately $3.4 trillion in taxes, but spend nearly $4 trillion to maintain its operations, borrowing 14 cents of every Federal dollar spent. (2) As of March 16, 2017, the national debt of the Unites States was nearly $20 trillion. (3) A majority of States have petitioned the Government to hold a constitutional convention to adopt a balanced budget amendment to the Constitution. (4) Forty nine States have fiscal limitations in their State constitutions, including the requirement to annually balance the budget. (5) Five States, including Arizona, Georgia, Alaska, Mississippi, and North Dakota, have agreed to the Compact for a Balanced Budget, which is seeking to amend the Constitution to require a balanced budget through an Article V convention by April 12, 2021. (b) Policy on a Balanced Budget Constitutional Amendment.-- It is the policy of this concurrent resolution that Congress should propose a balanced budget constitutional amendment for ratification by the States. SEC. 520. POLICY STATEMENT ON DEFICIT REDUCTION THROUGH THE CANCELLATION OF UNOBLIGATED BALANCES. (a) Findings.--The House finds the following: (1) According to the most recent estimate from the Office of Management and Budget, Federal agencies held $921 billion in unobligated balances at the end of fiscal year 2017. (2) These funds comprise both discretionary appropriations and authorizations of mandatory spending that remain available for expenditure. [[Page H7857]] (3) In many cases, agencies are provided appropriations that remain indefinitely available for obligation. (4) The Congressional Budget Act of 1974 requires the Office of Management and Budget to make funds available to agencies for obligation and prohibits the administration from withholding or cancelling unobligated funds unless approved by an Act of Congress. (b) Policy on Deficit Reduction Through the Cancellation of Unobligated Balances.--It is the policy of this concurrent resolution that-- (1) greater congressional oversight is required to review and identify potential savings from canceling unobligated balances of funds that are no longer needed; (2) the appropriate committees in the House should identify and review accounts with unobligated balances and rescind such balances that would not impede or disrupt the fulfillment of important Federal commitments; (3) the House, with the assistance of the Government Accountability Office, the Inspectors General, and appropriate agencies, should continue to review unobligated balances and identify savings for deficit reduction; and (4) unobligated balances in dormant accounts should not be used to finance increases in spending. SEC. 521. POLICY STATEMENT ON REFORMING THE CONGRESSIONAL BUDGET PROCESS. (a) Findings.--The House finds the following: (1) Enactment of the Congressional Budget and Impoundment Control Act of 1974 was the first step toward restoring constitutionally endowed legislative responsibility over fundamental budget decision making. (2) However, the congressional budget process has neither constrained spending nor inhibited the expansion of Government. The growth of the Government, primarily through a multiplicity of mandatory ***programs*** and other forms of direct spending, has largely been financed through borrowing and high tax rates. (3) The enforcement of the current budget process, including congressional points of order and statutory spending limits, have been too often waived or circumvented. This contributes to a lack of accountability, which has led to broad agreement that reforming the system is a high necessity. (b) Policy on Reforming the Congressional Budget Process.-- It is the policy of this concurrent resolution that Congress should-- (1) restructure the fundamental procedures of budget decision making; (2) reassert congressional power over spending and revenue, restore the balance of power between Congress and the President as the Congressional Budget Act of 1974 intended, and attain the maximum level of accountability for budget decisions through efficient and rigorous enforcement of budget rules; (3) improve incentives for lawmakers to budget as intended by the Congressional Budget Act of 1974, especially by adopting an annual budget resolution; (4) encourage more effective control over spending, especially currently uncontrolled direct spending; (5) revise the methodology used in developing the baseline, which is intended to reflect an objective projection of the budgetary effects of current laws and policies for future fiscal years, by removing any tendency toward assuming higher spending levels; (6) promote efficient and timely budget actions to ensure lawmakers complete their budget actions before the start of the new fiscal year; (7) provide access to the best analysis of economic conditions available and increase awareness of how fiscal policy directly impacts economic growth and job creation; and (8) eliminate the complexity of the budget process and the biases that favor higher spending. (c) Legislation.--The Committee on the Budget of the House should draft legislation during the 115th Congress that rewrites the Congressional Budget and Impoundment Control Act of 1974 to fulfill the goals of making the congressional budget process more effective in ensuring taxpayers' dollars are spent wisely and efficiently. Such legislation shall-- (1) attain greater simplicity without sacrificing the rigor required to address-- (A) the complex issues of the domestic and world economy; (B) national security responsibilities; and (C) the appropriate roles of rulemaking and statutory enforcement mechanisms; (2) establish a new structure that assures the congressional role in the budget process is applied consistently without reliance on reactive legislating; (3) improve the elements of the current budget process that have fulfilled the original purposes of the Congressional Budget Act of 1974; and (4) rebuild the foundation of the budget process to provide a solid basis from which additional reforms may be developed. SEC. 522. POLICY STATEMENT ON FEDERAL ACCOUNTING. (a) Findings.--The House finds the following: (1) Current accounting methods fail to capture and present in a compelling manner the full scope of the Government and its fiscal situation. (2) Most fiscal analyses ***produced*** by the Congressional Budget Office (CBO) are conducted over a 10-year time horizon. The use of generational accounting or a longer time horizon would provide a more complete picture of the Government's fiscal situation. (3) The Federal budget currently accounts for most ***programs*** on a cash accounting basis, which records revenue and expenses when cash is actually paid or received. However, it accounts for loan and loan guarantee ***programs*** on an accrual basis, which records revenue when earned and expenses when incurred. (4) The Government Accountability Office has advised that accrual accounting may provide a more accurate estimate of the Government's liabilities than cash accounting for some ***programs***, specifically insurance ***programs***. (5) Accrual accounting under the Federal Credit Reform Act of 1990 (FCRA) understates the risk and thus the true cost of some Federal ***programs***, including loans and loan guarantees. (6) Fair value accounting better reflects the risk associated with Federal loan and loan guarantee ***programs*** by using a market based discount rate. CBO, for example, uses fair value accounting to measure the cost of Fannie Mae and Freddie Mac. (7) In comparing fair value accounting to FCRA, CBO has concluded that ``adopting a fair-value approach would provide a more comprehensive way to measure the costs of Federal credit ***programs*** and would permit more level comparisons between those costs and the costs of other forms of Federal assistance''. (8) This concurrent resolution directs CBO to estimate the costs of credit ***programs*** on a fair value basis to fully capture the risk associated with Federal credit ***programs***. (b) Policy on Federal Accounting Methodologies.--It is the policy of this concurrent resolution that the House should, in consultation with CBO and other appropriate stakeholders, reform government-wide budget and accounting practices so Members and the public can better understand the fiscal situation of the United States and the options best suited to improving it. SEC. 523. POLICY STATEMENT ON AGENCY FEES AND SPENDING. (a) Findings.--Congress finds the following: (1) A number of Federal agencies and organizations have permanent authority to collect fees and other offsetting collections and to spend these collected funds. (2) The total amount of offsetting fees and offsetting collections is estimated by the Office of Management and Budget to be $513 billion in fiscal year 2017. (3) Agency budget justifications are, in some cases, not fully transparent about the amount of ***program*** activity funded through offsetting collections or fees. This lack of transparency prevents effective and accountable government. (b) Policy on Agency Fees and Spending.--It is the policy of this resolution that Congress must reassert its constitutional prerogative to control spending and conduct oversight. To do so, Congress should enact legislation requiring ***programs*** that are funded through fees, offsetting receipts, or offsetting collections to be allocated new budget authority annually. Such allocation may arise from-- (1) legislation originating from the authorizing committee of jurisdiction for the agency or ***program***; or (2) fee and account specific allocations included in annual appropriation Acts. The Acting CHAIR. Pursuant to House Resolution 553, the gentleman from California (Mr. McClintock) and a Member opposed each will control 15 minutes. The Chair recognizes the gentleman from California. Mr. McCLINTOCK. Mr. Chairman, I yield myself 3\1/2\ minutes. Mr. Chairman, I am pleased to present the Republican Study Committee's 2018 budget, Securing America's Future Economy. This proposal combines savings that have been proposed by the Congressional Budget Office, many RSC members, and public policy think tanks, including The Heritage Foundation, Citizens Against Government Waste, and the National Taxpayers Union. It is based on a simple principle that government should spend its money as carefully as families spend what they have left after they have paid their taxes. By restraining the growth of spending and refocusing resources on core government responsibilities, adopting commonsense reforms, and placing Medicare and Social Security back on sound financial footing, we believe there is still time to save this country from financial and economic ruin. But time is running out. On our current course, the Congressional Budget Office warns that, within 4 years, our deficits will balloon to $1 trillion annually, adding about $8,000 a year to an average family's debt that they will have to pay off in future taxes. Two years after that, interest on [[Page H7858]] the national debt will reach $654 billion. That is more than we currently spend for the entire defense establishment. Let me repeat that so it sinks in. Six years from now, we will spend more than our current defense budget accomplishing nothing but renting the money that we have already borrowed and spent. Three years later, Medicare will collapse. Six years after that--if we get that far-- Social Security runs out of money. This approaching crisis can be described with just three numbers: 26, 35, and 49. Once you understand those three numbers--26, 35, and 49-- you can plainly see the root of our problems. Twenty-six percent is the combined population and inflation growth over the past 10 years. Thirty-five percent is the growth in Federal revenues. Clearly, this is not a revenue problem. The problem is that third number. Forty-nine percent is the growth in spending--nearly twice the rate of inflation and population combined. We are about to hear about the draconian cuts from the opposition. Let me emphasize, the RSC budget continues to grow the Federal Government every year. I repeat, the RSC budget spends more every year. Over the decade, we have provided for more than $1 trillion of government growth. Only in Washington can that be described as a cut. The RSC budget merely restrains the growth of spending over the next decade to give families the time and room to catch up. {time} 0915 By doing so, we can arrest the ruinous spiral of debt and interest costs that now threaten the very solvency of our Nation. This budget gores a lot of sacred cows, because we want to point out the wide range of savings available to achieve. But I would ask the opponents of this budget to consider one thing as we race toward the looming fiscal crisis just 4 years down the road: you cannot provide for the common defense or general welfare or do all of the other things our government is called upon to do if you cannot pay for them. Our mountainous debt, driven by out-of-control spending, now threatens our ability to do so. Mr. Chairman, I reserve the balance of my time. Mr. YARMUTH. Mr. Chairman, I claim the time in opposition to the amendment. The Acting CHAIR. The gentleman from Kentucky is recognized for 15 minutes. Mr. YARMUTH. Mr. Chairman, I yield myself such time as I may consume. Mr. Chairman, I am going to cut to the chase: the Republican Study Committee budget is so extreme, it cannot be taken seriously. It cuts spending by $10 trillion over 10 years, which is $4 trillion more than the already irresponsible spending cuts in Chairman Black's budget. To its credit, the RSC tells us where those cuts will come from, rather than leaving large amounts unspecified or using matching asterisks or phony economic assumptions to reduce spending. The RSC budget cuts Social Security, Medicare, and Medicaid. It cuts ***programs*** that ensure basic living standards, protect the environment, and help families afford college. For 2018, the RSC budget matches the President's level for defense, including war funding. But for nondefense discretionary spending, the RSC budget provides $394 billion, which is $122 billion, or 24 percent, below the austerity cap. There is no way this House or any House would approve an appropriations bill that inflicted a 24 percent cut on all government operations. If just two ***programs***--veterans' ***programs*** and NIH funding-- were excluded from those cuts, everything else would be cut by more than 55 percent. So yes, this budget claims to reach balance, but it would achieve it by making cuts that would be catastrophic. Not even Congress is that self-destructive. I contend that the two Republican budgets actually show how dismissing the notion that revenues must be a part of any solution to restrain deficits and debt, compounded with the flawed notion that balance must be achieved in the short term, will inflict intolerable hardship on the American people. While totally unintentional, they make a pretty compelling case that for Congress to responsibly address our debts and deficits, while funding the Federal ***programs*** and investments that the American people want and expect, raising revenues has to be part of the equation. One of the things that amuses me, in a very kind of dark way, is that I remember so well, in 2010, when Republicans actually rode to victory in the House by claiming that we Democrats were going to cut $750 billion out of Medicare. That wasn't true, but they claimed it. Now, in this Republican Study Committee budget, they have doubled down on that. It is not exactly double, but they are going to cut it by $898 billion. I don't think America's seniors and the disabled population would feel very good about that. I would like to thank my colleagues for bringing that important issue to the debate. Mr. Chairman, I reserve the balance of my time. Mr. McCLINTOCK. Mr. Chairman, I yield 3 minutes to the gentleman from North Carolina (Mr. Walker), the chairman of the Republican Study Committee. Mr. WALKER. Mr. Chairman, $20.2 trillion. Our national debt is more than $20.2 trillion. Let's put it this way: each American's share of the national debt is $62,000. From the retiree in North Carolina who has already done so much to serve the country, to the newborn child in New York with so much potential, that is $62,000. In fact, it is more than the median American family brings home in an entire year. Our debt continues to mount, even as Federal reserves reach record highs. This leads to an undeniable conclusion, even from Captain Obvious: the Federal Government has a spending problem. The growing Federal Government has significant negative consequences for the country and its people. The large Federal debt reduces investment, productivity, and wages, while Federal ***interventions*** in the economy reduce the incentive to work, resulting in a shrinking labor market. The debt can have dangerous implications for our national security, recently causing a bipartisan group of leading national security officials to write that ``our long-term debt is the single greatest threat to our national security.'' Most fundamentally, when the Federal Government is too big and too intrusive, it interferes with our unalienable rights to life, liberty, and the pursuit of happiness. Eleven months ago, the American people voted to give Republicans unified control of government. Now it is time to follow through and implement the policy agenda that Congress and the President were elected on. As the calendar moves into fall, the grade of the 115th Congress will be delivered on whether we can reform our inefficient Tax Code. This process starts with the budget. Along with repealing ObamaCare and securing our border, the Republican Study Committee budget allows us to fulfill these promises, and more. This fiscal year 2018 RSC budget ensures a strong national security, robust economic growth, equal opportunity for all, a sustainable social safety net, and a return to constitutionally limited government, all with a goal of securing America's future economy. Instead of a future of high debt and low growth, the RSC budget proposes a positive blueprint for success and opportunity. Our budget focuses on progrowth, profamily policies that will boost America's economy and provide a strong fiscal foundation for generations to come. Mr. Chairman, in closing, I would like to thank my friend, Mr. McClintock, for his leadership of the RSC budget task force, as well as all the members of the Republican Study Committee who participated in this effort. With this budget, we have accomplished our goals of detailing the variety of bold policy solutions, as well as helping to influence the balanced budget offered by my friend, Chairman Black, to include meaningful, enforceable, reconciliation targets, as the RSC budget does, so that we can begin the essential task of implementing these policies into law. My fellow Members, when will our debt matter? Next year? The year after? [[Page H7859]] In 6 years, we are projected to spend more than $650 billion on interest alone on our debt. The Acting CHAIR. The time of the gentleman has expired. Mr. McCLINTOCK. Mr. Chairman, I yield an additional 1 minute to the gentleman from North Carolina. Mr. WALKER. What will it take for our friends on the left to stop hijacking the American Dream for our children and grandchildren? Is it not a moral injustice to leave this level of debt to the next generation? Mr. Chairman, we have been making this argument in the House for years. Today, it is time to make a difference. Mr. YARMUTH. Mr. Chairman, I yield myself such time as I may consume. Mr. Chairman, it is fascinating to have this debate and speaking in such high-principled ways about the need to reduce deficits and debt. I don't think any Democrat would argue that we need to do something to reduce deficits and debt. We face a very dire, long-term fiscal future. But we also lose sight of the fact that the American people expect something from their government. They expect our government to keep them safe, but they also expect their government to protect their drinking water, protect their air, to make sure that the food they eat is not dangerous, to provide law enforcement and help local law enforcement to do many things. The budget, as well as Chairman Black's committee budget, would decimate all of those services that the American people expect from the Federal Government. I think only about what is going on right now with Houston, Florida, Puerto Rico, and the Virgin Islands and the enormous cost that the Federal Government is going to have to bear to help restore those communities and those territories to some degree of normalcy. That is what they expect the American Government to do. These budgets would make that all but impossible. So we look at it both ways. Later, we will propose a Democratic alternative that actually makes those kind of investments and makes sure that the notion of American security is not just a huge military, but is a foundation of investment in human capital and research and infrastructure that will allow this economy to grow. We do it with keeping debt at the same percentage of the economy, as it is now, because we are willing to raise revenues. On the other hand, Republican budgets, both the Republican Study Committee budget and the chairman's budget, anticipate enormous tax cuts for the wealthiest Americans and corporations--tax cuts that have been proven to do exactly the opposite of what many on the other side claim they do, which is to stimulate economic growth. We will hear claims that, yes, we can cut taxes by $2 trillion or $3 trillion over 10 years, and they are going to be paid for by this renewal of economic activity. But history tells us that is not what happens. Not only history tells us that, but virtually all the economists in the country tell us that, too. Goldman Sachs, Steve Mnuchin's previous employer, says that the tax cuts outlined last week would maybe create an additional 0.2 percent of growth in the economy. CBO and the Federal Reserve say tax cuts don't pay for themselves. Even Bruce Bartlett, the author of ``Reaganomics,'' says this whole notion that tax cuts pay for themselves is nonsense. He actually said bull, which is half of what he said, but you get the idea. This is not easy. We can speak in the darkest terms of how we are imposing this debt on our grandchildren and try to use emotional arguments. But the fact is, we are dealing with a very realistic, pragmatic dilemma, and that is: how to do what the American people expect us to do without making the future impossible. It is not done by the Republican budgets. We think it is helped along by the Democratic alternative, and we look forward to having that debate just a little bit later this morning. Mr. Chairman, I reserve the balance of my time. Mr. McCLINTOCK. Mr. Chairman, I yield myself such time as I may consume. Mr. Chairman, I would remind my friend from Kentucky that Ronald Reagan reduced the Federal income tax rate from 70 percent down to 28 percent, and income tax revenues doubled. He is correct that we expect things from our government. We have seen a 49 percent increase in spending in the last decade. Have we seen a 49 percent increase in the quality of education or a 49 percent increase in our infrastructure or our defense capability? What we have seen is a 49 percent increase in bureaucracy and government. I would remind the gentleman that when we squander the people's money, we rob them of the means to meet the disasters and unforeseen circumstances that confront our country. Mr. Chairman, I yield 2\1/2\ minutes to the gentleman from Texas (Mr. Flores), my friend and former chairman of the Republican Study Committee. Mr. FLORES. Mr. Chairman, I thank the gentleman for yielding. Mr. Chairman, I want to go off script for a little bit and echo the comments the gentleman was making. He talked about the Reagan tax cuts and what they did to stimulate the economy and to grow tax revenues and to allow hardworking American families to keep more of their paychecks. I would also go on to remind the gentleman from Kentucky, to disabuse him about his views of tax reform, and remind him that President John F. Kennedy, a Democrat, reduced the top marginal rates from 93 percent to 73 percent. The economy grew, more jobs were created, and more revenue was created for the Federal Government. Mr. Chairman, the Federal Government doesn't have a revenue problem. It has a spending problem. That is what we tackle with the Republican Study Committee budget. I thank Mr. McClintock for his incredible and insightful leadership in generating the FY 2018 RSC budget that we are now considering. The House Budget Committee's budget proposals continue to benefit from the framework of the RSC budget by including meaningful, enforceable reconciliation targets, as our budget does. The House budget will begin the essential task of implementing these policies into law. Other instances where the RSC-led budget proposals have historically wound up being adopted in the larger House budget include the following: First, balancing the budget within a 10-year budget window. Two, including policies to ensure the solvency of entitlement ***programs***, such as Social Security, Medicare, and also Medicaid. Number three, providing the necessary funding and resources for a robust national security. Number four, fully repealing ObamaCare. Number five, establishing a pathway to progrowth tax reform that will jump-start our economy and help hardworking American families take home more of their paychecks. I was humbled to serve as the chairman of the RSC during the 114th Congress. At that time, we generated a new budget for fiscal year 2017, called the Blueprint for a Balanced Budget 2.0 It was written and released in the spring of 2016. Like the current RSC budget, it provided a robust agenda of conservative policies to show the American people our vision for this Nation. The Acting CHAIR. The time of the gentleman has expired. Mr. McCLINTOCK. Mr. Chairman, I yield an additional 30 seconds to the gentleman from Texas. Mr. FLORES. In the tradition of The Heritage Foundation's 1980 mandate for leadership that provided a policy agenda for the incoming Reagan administration, our Blueprint for a Balanced Budget 2.0 for the new President and his administration set forth an agenda for governing in 2017. {time} 0930 By all accounts, the RSC budget has proven successful in achieving this goal, with President Trump basing many of the policies for his fiscal 2018 budget request on the RSC's fiscal 2017 budget. I am pleased to see that many RSC-led proposals are included in both the President's budget and the House budget that we will consider later today. In the coming years, I look forward to continuing to see the RSC putting forth and leading on many conservative, sound policy ideas for our budgetary process. [[Page H7860]] Mr. Chairman, I urge all our colleagues to vote ``yes'' on the RSC budget and to vote ``yes'' on the House GOP budget. Mr. YARMUTH. Mr. Chairman, I feel like I have to be Paul Harvey for a second and talk about the rest of the story. Because while what Mr. McClintock said was true about the initial phases of the Reagan administration, at the end of the Reagan administration, the national debt had almost tripled, and he had been forced to raise taxes a couple of times in the interim. So, again, we can argue about how positive cutting taxes were in the Reagan administration, but the end result wasn't particularly good for the American economy. Mr. Chairman, I yield 3 minutes to the gentlewoman from Illinois (Ms. Schakowsky), a distinguished member of the Budget Committee. Ms. SCHAKOWSKY. Mr. Chairman, who wins in the Republican budget? Same old same old; millionaires, billionaires, large corporations. The Republican budget paves the way for their ***plan***, which gives 80 percent of its tax cuts to the top 1 percent of Americans, while 30 percent of middle class households making between $50,000 and $150,000 a year would actually see a tax increase. This is according to the nonpartisan Tax Policy Center. It slashes $1.5 trillion from Medicare and Medicaid, even worse than TrumpCare, and it ends the guarantee of Medicare benefits for American seniors. It attacks women's health by defunding, of course, ***Planned*** Parenthood, once again. It slashes SNAP--SNAP, the Food Stamp ***program***-- by $154 billion, taking nutrition assistance away from up to 7 million households. Did you really come to Congress to take food out of the mouths of hungry children? Now we are considering the Republican Study Committee budget, which includes even deeper cuts for children and families and seniors while giving tax cuts to the wealthy. My Democratic colleagues and I offer A Better Deal for America. The United States is the richest country in the world at the richest time in history. We can have quality healthcare, affordable childcare, debt- free college, secure retirement, and world-class infrastructure, but not if we give massive tax cuts to the wealthiest individuals and corporations. So I urge my colleagues to reject the RSC budget, reject the Republican budget, and to support the Democratic alternative. Americans deserve a budget that grows our middle class and invests in our future. I want to read just one paragraph of a letter from ***Planned*** Parenthood that says: ``The House Budget Resolution proposes cuts that would be disastrous for women, men, and young people ***Planned*** Parenthood sees every day. It sacrifices access to healthcare, repealing the Affordable Care Act, gutting Medicaid, and proposing even deeper cuts to low- income nondefense discretionary spending. It undermines access to critical reproductive healthcare, including no copay birth control, for millions of women.'' The women of America are watching. This budget is a particular disaster for them, for us. Mr. McCLINTOCK. Mr. Chairman, I yield 2\1/2\ minutes to the gentleman from Alabama (Mr. Palmer). Mr. PALMER. Mr. Chairman, Article I, section 9 of the Constitution grants Congress the power of the purse. This assigns to Congress the role of final arbiter of the use of public funds. Despite this clear declaration of power, the Office of Management and Budget estimates that agencies collected over $513 billion in fines, fees, penalties, and other offsetting collections and receipts in fiscal year 2017. Allowing agencies to have slush funds outside of the normal appropriations process is a recipe for bad acting. The RSC budget calls for implementing the Agency Accountability Act, which directs that all fines, fees, and settlements go to the Treasury, making them subject to the normal appropriations process. This would end the agencies' ability to operate independently and outside of the oversight of Congress. More importantly, it would allow Congress to fully account for how much money the government actually collects and where that money is coming from. I am also pleased that the RSC budget does what is increasingly becoming an impossible task: it balances the budget, all while prioritizing defense spending to keep this country secure. This budget sets forth the bold ideas necessary to put the country back on a path of fiscal responsibility. The Congressional Budget Office reports that if we stay on the current irresponsible fiscal path we are on, by 2047, in 30 years, our debt to GDP will be 150 percent. Stated more simply, our debt will be 50 percent greater than our entire gross domestic product. We must put our Nation back on a path of fiscal responsibility, and the RSC budget does exactly that. As former chairman of the Joint Chiefs of Staff Michael Mullin warned, our national debt is the greatest threat to our national security. By putting our Nation on a sensible fiscal path of balancing the budget, we reduce the extremely heavy burden that a bloated Federal Government places on America's working families, allowing them to prosper and making the government less intrusive in their lives. I would also like to add extemporaneously in regard to what we are doing on SNAP benefits. What we are doing is imposing work requirements on able-bodied adults with no children. I want to repeat: able-bodied adults with no children. I think most Americans would agree that if they are getting payments from the Federal Government, they ought to at least do some work. Mr. YARMUTH. Mr. Chairman, I yield 3 minutes to the gentleman from Vermont (Mr. Welch), a distinguished member of the Energy and Commerce Committee. Mr. WELCH. Mr. Chairman, I want to state to my colleagues on this budget that there are two fundamental assumptions that are being made that need to be challenged. One, you are saying that we have a spending problem, not a revenue problem. This country is spending on domestic priorities and defense at a level that existed when the President of the United States was Dwight D. Eisenhower, and that was before Medicaid and Medicare. We have a significant issue about how we are going to meet the needs of the people of this country, both on defense, where we need some help, but definitely on the domestic side as well. The second assumption that you are making--and it is an assertion that is made over and over again--is that tax cuts will pay for themselves. That is the theology of your budget: tax cuts pay for themselves. You know, why not go to zero, and we will all be rich? That is essentially what is being said here. But the tax cuts are always at the high end of the income spectrum, which is exacerbating inequality and creating a problem for us to meet essential needs in this country. So this question of tax cuts paying for themselves and fiscal responsibility, let's have a little bit of history here. This was the theology of George Bush when he passed the tax cuts when he became President. They did not pay for themselves. We went from the Clinton- era surpluses to the Bush-era deficits, and in another fiscally, grossly irresponsible move, he put the war on the credit card. The war was on the credit card. We had unpaid-for tax cuts and we had an unpaid-for war. And this is not just fiscal responsibility; this is governmental, personal, congressional irresponsibility. You have got to pay for things. Whether it is the war or it is food stamps or it is any ***program*** that you want to pick, you have got to pay for it. You don't pay for it by the magic asterisk of saying, ``the tax cuts that we propose,'' when we are going to spend by cutting taxes or going into a war that we don't pay for, $1 trillion, it doesn't work. And that is why we are in this path that is very dangerous with respect to the long-term debt. I believe in that. We have got to pay our bills. When we had the majority, we had a doctrine that said: Pay as you go. If any Democrat, the budget chair, or me wanted to propose some spending, we either had to come up with the revenue or we had to cut somewhere else. I believe in that. But I don't believe in unpaid-for tax cuts paying for themselves. I don't believe that more spending pays for itself [[Page H7861]] and we can just put it on the credit card. Now, we have got some problems and challenges in this country. We have got an opportunity problem. The Acting CHAIR. The time of the gentleman has expired. Mr. YARMUTH. Mr. Chairman, I yield an additional 1 minute to the gentleman from Vermont. Mr. WELCH. Mr. Chairman, kids going to school get out with a debt the size of a mortgage. We have got an inequality problem. It has never been worse. It goes back to the Great Depression, when we had this divide between what hardworking people made and what the top 1 percent made. We have got a healthcare affordability problem, but you don't solve that by slashing access to healthcare and throwing 24 million people off of healthcare. We have got an infrastructure problem that we are totally neglecting. It is not addressed in this budget. We have got a DREAMer problem. How is it that, in this Congress, we are literally not allowing 800,000 young people who came here, through no fault of their own, not voluntarily, and we are going to give them the hook and deport them? It is outrageous? We have got a rural America problem. Rural America has been left behind. The inequality in this country is really hitting hard on rural America, in parts of Vermont, and in all parts of this country. And there is nothing in this budget that says: We are going to give hope to rural America by investing in them. Mr. McCLINTOCK. Mr. Chairman, I yield 1 minute to the gentleman from Wisconsin (Mr. Ryan), the Speaker of the House. Mr. RYAN of Wisconsin. Mr. Chairman, I rise to urge the whole House to support this Republican budget, H. Con. Res. 71. Let me just say a few things. First, this is a budget that reflects our first principles: freedom, freedom enterprise, a government accountable to the people it serves. It is a budget that will help grow our economy, and it is a budget that will help rein in our debt. It strengthens our national defense. It supports our men and women in uniform. It eliminate mindless, endless spending, and it maximizes American's tax dollars. It reforms Medicaid. It strengthens Medicare. This is a budget that keeps our responsibilities to our children and our grandchildren. Remember, we have a responsibility here, each and every generation, each and every Member: leave the country better off so your kids and your grandkids can prosper. That American legacy is seriously at risk because of our growing deteriorating budget situation, because of the coming debt crisis. This budget tackles that. There is one more thing that this budget does that is so important. It paves the way for historic tax reform. It unlocks the reconciliation process. We need to pass this budget so that we can deliver real relief for middle-income families across this country. We need to pass this budget for the people who are living paycheck to paycheck in America, who are trying to juggle it all. They are looking to get under a hopelessly broken Tax Code. We haven't reformed this tax system since 1986. We need to pass this budget so that we can help bring more jobs, fairer taxes, and bigger paychecks for people across this country. The time for this is now, and the opportunity is right in front of us. I want to especially commend Chairman Black for her commitment to this vision. I want to especially commend the members of the Budget Committee for their steadfast commitment to this vision. We would not be in a position today to pass this budget without her tireless leadership and the leadership of her members of the committee. It is so encouraging that the Senate has passed their budget out of committee. They are on the track, too. That means we look forward to working with the Senate to take the next step. We have an opportunity to make right by our fellow countrymen. We have an opportunity to make right by the people we represent. We have an opportunity to actually restore prosperity in this country. {time} 0945 We haven't seen that kind of economic potential in this country in at least a decade. We can fix that this year. We know a debt crisis is coming. We know if we do nothing, the next generation will be worse off. We can stop that, fix this, and make them better off. That is what this budget paves the way for, and that is why I urge all of my colleagues to support this budget. I thank the chair for her steadfast support. I thank the Members for getting us to where we are today, and I really look forward to the day where we can look at this moment as when we got the country on the right track. Mr. YARMUTH. Mr. Chairman, in closing, I would just say that we need to cut right to the chase. It is unlikely that either the Republican Study Committee budget or the Republican Budget Committee budget could pass this House. It certainly couldn't pass the Congress. This is all about moving the ball forward so we can push through a massive tax cut to the wealthiest Americans, with 51 votes in the Senate. That is what this day is about, and that is what this process is about. Mr. Chairman, I urge my colleagues to reject both the Republican Study Committee budget and the Republican Budget Committee budget, and I yield back the balance of my time. Mr. McCLINTOCK. Mr. Chairman, I include in the Record letters of support of the Republican Study Committee budget from the Committee for a Responsible Federal Budget, the Council for Citizens Against Government Waste, FreedomWorks, and Heritage Action for America. Committee for a Responsible Federal Budget, September 8, 2017. Hon. Mark Walker, Washington, DC. Dear Representative Walker: I am writing you to express our appreciation for the fiscally responsible budget released by the Republican Study Committee. Your budget would make important progress by putting debt on a downward path as a share of GDP, reducing it from 77 percent today to 56 percent by 2027--instead of letting it rise to 89 percent as under current law. By calling for spending cuts and entitlement reforms, your budget helps to keep the national debt on a sustainable path. We applaud the Republican Study Committee for your serious contribution to the ongoing budget debate. Sincerely, Maya MacGuineas, President, Committee for a Responsible Federal Budget. \_\_\_\_ Council for Citizens Against Government Waste, Washington, DC, October 4, 2017. House of Representatives, Washington, DC. Dear Representative: You will soon vote on several different budget proposals for fiscal year (FY) 2018. On behalf of the more than one million members and supporters of the Council for Citizens Against Government Waste (CCAGW), I urge you to support the budget resolution as reported by the House Budget Committee and the Republican Study Committee's (RSC) budget resolution, both of which would put the nation back on the path to fiscal sanity and pave the way for comprehensive, pro-growth tax reform. Under the leadership of Chairman Diane Black (R-Tenn.), H.      Con. Res. 71, as reported by the House Budget Committee, would reduce spending by $6.5 trillion over 10 years and balance the budget by 2027. H. Con. Res. 71 provides reconciliation instructions for fundamental tax reform that, if enacted, will allow Americans to keep more of their money, simplify the filing of taxes, and allow small businesses to boost wages and create jobs. While H. Con. Res. 71 would increase defense spending above Budget Control Act mandated cap levels, this legislation also calls for $203 billion in spending cuts across various ***programs*** and a $700 billion reduction in improper payments. The RSC budget enacts many of the same reforms as the House Budget Committee's ***plan***, but it proposes to reduce government spending by $10 trillion over 10 years and achieves balance in six years. The RSC ***plan*** creates a pathway for tax reform; repeals and replaces Obamacare; makes Social Security solvent; rescues Medicare and disability insurance; and decreases FY 2018 non-discretionary spending to $394 billion. Tax reform presents an historic opportunity to unleash the economic potential of the American people. While Congress is well-positioned to enact tax reform, that cannot occur until a budget resolution with reconciliation instructions is adopted. I urge [[Page H7862]] you to support both the House Budget Committee's FY 2018 budget resolution as reported and the RSC's FY 2018 budget resolution. All votes on the FY 2018 budget resolutions will be among those considered in CCAGW's 2017 Congressional Ratings. Sincerely, Tom Schatz, President, CCAGW. \_\_\_\_ [From FreedomWorks, Oct. 4, 2017] Key Vote Yes on the McClintock Amendment to H. Con. Res. 71 On behalf of FreedomWorks' activist community, I urge you to contact your representative and ask him or her to vote YES on the amendment offered by Rep. Tom McClintock (R-Calif.) to H. Con. Res. 71, the budget resolution for FY 2018. The amendment, which includes reconciliation instructions for fundamental tax reform, is the Republican Study Committee's FY 2018 budget alternative. The Republican Study Committee's (RSC) FY 2018 budget would reduce federal spending by more than $10 trillion over the ten-year budget window, bringing the budget into balance in FY 2023. The RSC's budget would repeal ObamaCare and enact other patient-centered health insurance reforms, make Social Security and Medicare solvent, and reform federal welfare ***programs***. It also promotes free trade, regulatory reform, and other free market, limited government principles. The current text of H. Con. Res. 71 and the McClintock amendment include language that allows the House Ways and Means Committee to ***produce*** legislation to reform the tax code. Riddled with loopholes and special interest deductions, America's tax code has become far too complex. According to the Tax Foundation, Americans spent 8.9 billion hours and $409 billion complying with the more than 74,000-page tax code. It has been more than 30 years since Congress passed fundamental tax reform. Congress has a generational opportunity to reform the tax code by consolidating and lowering tax rates, broadening the tax base, and promoting job creation and international competitiveness for American businesses. This will make the tax code fairer and simplify the filing process, allowing the vast majority of Americans to file their taxes on a postcard. FreedomWorks will count the vote on the McClintock amendment to H. Con. Res. 71 on our 2017 Congressional Scorecard. The scorecard is used to determine eligibility for the FreedomFighter Award, which recognizes Members of the House and Senate who consistently vote to support economic freedom and individual liberty. Sincerely, Adam Brandon, President, FreedomWorks. \_\_\_\_ [From Heritage Action for America, Oct. 3, 2017] ``Yes'' on the RSC's Budget: Securing America's Future Economy (By Andrea Palermo) On Thursday, the House will vote on the Fiscal Year 2018 (FY18) Budget offered by the Republican Study Committee (RSC) as an amendment to the committee-approved FY18 budget resolution. The RSC's Budget: Securing America's Future Economy, introduced by RSC Budget and Spending Task Force Chairman Tom McClintock (R-Calif.), would balance in 2023, reduce non-defense discretionary spending, reestablish national defense spending to support the military, break the ``firewall'' between defense and nondefense discretionary spending, fully repeal and replace Obamacare, repeal Dodd- Frank by implementing the Financial CHOICE Act, reform entitlement ***programs***, and finally, enact pro-growth tax reform. If passed, the RSC's budget would give lawmakers a serious conservative blueprint for reform. Pro-Growth Tax Reform. Republicans campaigned and promised to fix America's broken tax code. The current code has become a significant obstacle to economic growth, job creation and higher wages for American workers. The RSC budget would fulfill the Republican campaign promise by enacting tax reform that cuts taxes for families, makes American businesses competitive around the globe, ends double taxation, and simplifies the code. Repealing Obamacare. Republicans owe their majorities to their unwavering opposition to Obamacare, a reality that is reflected in the RSC's budget. The budget remains committed to fully repealing the law despite recent Republican failures, and sends a signal to the American people that conservatives will continue to push for free-market, patient- centered health care reforms. Funding Defense. Although the Budget Control Act of 2011 has put significant pressure on our military, a conservative budget would align military spending with ***strategic*** priorities by breaking the firewall. The RSC's budget does not rely on the much-discussed OCO gimmick, but increases defense spending to a total of $668 billion in FY18, which is $119 billion above the current defense cap. Importantly, that cost is offset by lowering non-defense discretionary spending to $394 billion in FY18, which is $122 billion below the cap. Reforming Entitlements. The RSC's budget maintains the Medicare premium support reforms, which are widely established and broadly supported. In addition, the budget lays down bold markers on Social Security, Social Security Disability Insurance and Medicaid. It takes a similarly aggressive approach on mandatory ***program*** spending like food stamps (Supplemental Nutrition Assistance ***Program***, or SNAP) and Temporary Assistance for Needy Families (TANF) by building on the success of the 1996 welfare reforms and enacting work requirements as outlined in the Welfare Reform and Upward Mobility Act (H.R 2832/S. 1290) and the Supplemental Nutrition Assistance ***Program*** Reform Act (H.R      2996). Other important items in the budget include: Enacting the Financial CHOICE Act, eliminating the Consumer Financial Protection Bureau (CFPB), holding federal agencies accountable, reducing funding for the Environmental Protection Agency (EPA), separating food stamps and farm ***programs***, ending commodity subsidy ***programs***, reforming crop insurance, ending unconstitutional amnesty for illegal immigrants, enforcing existing immigration laws, securing our borders, delegating elementary and secondary education to states and localities modeled after the Academic Partnership Leads us to Success (A-PLUS) Act, reforming Higher Education by passing the Higher Education Reform and Opportunity (HERO) Act, eliminating Fannie Mae and Freddie Mac, returning transportation and infrastructure policy to the states, reorganizing the executive branch, and protecting the life of the unborn. Taken as a whole, the RSC's ``Securing America's Future Economy'' demonstrates a seriousness of purpose when it comes to governing. If passed, this budget would provide a fiscally responsible path forward for our nation, limit the size and scope of our bloated federal government, and unleash economic prosperity for all Americans. Mr. McCLINTOCK. Mr. Chairman, Just a few steps from this Hall, Thomas Jefferson addressed his first inaugural address. After listing all of the blessings that our country enjoys, he asked what more do we need to maintain a happy and prosperous society. He said: ``Still one thing more, fellow citizens. A wise and frugal government, which shall restrain men from injuring one another, shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned. This is the sum of good government. . . .'' We have it within our power to restore that wise and frugal government and the prosperity and happiness that free societies always ***produce*** the moment we summon the political will to do so. The Republican Study Committee seeks that shining city on a hill and today offers this map to get us there. Mr. Chairman, I yield back the balance of my time. The Acting CHAIR. The question is on the amendment in the nature of a substitute offered by the gentleman from California (Mr. McClintock). The question was taken; and the Acting Chair announced that the ayes appeared to have it. Mr. McCLINTOCK. Mr. Chairman, I demand a recorded vote. A recorded vote was ordered. The vote was taken by electronic device, and there were--ayes 139, noes 281, not voting 13, as follows: [Roll No. 555] AYES--139 Abraham Allen Amash Amodei Arrington Babin Banks (IN) Barr Barton Bergman Biggs Bishop (MI) Bishop (UT) Black Blackburn Brady (TX) Brat Brooks (AL) Buck Bucshon Budd Burgess Byrne Calvert Carter (GA) Chabot Coffman Cole Collins (GA) Comer Conaway Culberson Davidson DesJarlais Dunn Emmer Estes (KS) Farenthold Ferguson Fleischmann Flores Franks (AZ) Gaetz Garrett Gibbs Gohmert Goodlatte Gosar Gowdy Graves (GA) Graves (LA) Graves (MO) Grothman Guthrie Handel Harper Harris Hensarling Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hudson Huizenga Hultgren Jenkins (KS) Johnson (LA) Johnson, Sam Jordan Joyce (OH) Kelly (MS) Kelly (PA) Kustoff (TN) Labrador LaHood LaMalfa Lamborn Latta Lewis (MN) Long Loudermilk Love Marchant Massie McCaul McClintock McHenry McMorris Rodgers Meadows Messer Mitchell Moolenaar Mullin Newhouse Norman Olson Palmer Perry Pittenger Poe (TX) Posey Ratcliffe Renacci Rice (SC) Rohrabacher Rokita Rooney, Francis Rooney, Thomas J. Ross Rouzer Sanford Scalise Schweikert Scott, Austin Sensenbrenner Sessions Shimkus Smith (MO) Smith (NE) Smith (TX) Smucker Stewart Taylor Tipton Walberg Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wilson (SC) Woodall Yoder Yoho Zeldin [[Page H7863]] NOES--281 Adams Aderholt Aguilar Bacon Barletta Barragan Bass Beatty Bera Beyer Bilirakis Bishop (GA) Blum Blumenauer Blunt Rochester Bonamici Bost Boyle, Brendan F. Brady (PA) Brooks (IN) Brown (MD) Brownley (CA) Buchanan Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Carter (TX) Cartwright Castor (FL) Castro (TX) Cheney Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Clyburn Cohen Collins (NY) Comstock Connolly Conyers Cook Cooper Correa Costa Costello (PA) Courtney Cramer Crawford Crist Crowley Cuellar Cummings Curbelo (FL) Davis (CA) Davis, Danny Davis, Rodney DeFazio DeGette Delaney DeLauro DelBene Demings Denham Dent DeSaulnier Deutch Diaz-Balart Dingell Doggett Donovan Duffy Duncan (SC) Duncan (TN) Ellison Engel Eshoo Espaillat Esty (CT) Evans Faso Fitzpatrick Fortenberry Foster Foxx Frankel (FL) Fudge Gabbard Gallagher Gallego Garamendi Gianforte Gomez Gonzalez (TX) Gottheimer Granger Green, Al Green, Gene Griffith Grijalva Gutierrez Hanabusa Hartzler Hastings Heck Herrera Beutler Higgins (NY) Himes Hoyer Huffman Hunter Hurd Issa Jackson Lee Jayapal Jeffries Jenkins (WV) Johnson (GA) Johnson (OH) Johnson, E. B. Jones Kaptur Katko Keating Kelly (IL) Kennedy Khanna Kildee Kilmer Kind King (IA) King (NY) Kinzinger Knight Krishnamoorthi Kuster (NH) Lance Langevin Larsen (WA) Larson (CT) Lawrence Lawson (FL) Lee Levin Lewis (GA) Lieu, Ted Lipinski LoBiondo Loebsack Lofgren Lowenthal Lowey Lucas Luetkemeyer Lujan Grisham, M. Lujan, Ben Ray Lynch MacArthur Maloney, Carolyn B. Maloney, Sean Marino Marshall Mast Matsui McCarthy McCollum McEachin McGovern McKinley McNerney McSally Meehan Meeks Meng Mooney (WV) Moore Moulton Murphy (FL) Nadler Neal Noem Nolan Norcross Nunes O'Halleran O'Rourke Palazzo Pallone Panetta Pascrell Paulsen Payne Pearce Pelosi Perlmutter Peters Peterson Pingree Pocan Poliquin Polis Price (NC) Quigley Raskin Reed Reichert Rice (NY) Richmond Roby Roe (TN) Rogers (AL) Rogers (KY) Ros-Lehtinen Roskam Rothfus Royce (CA) Ruiz Ruppersberger Rush Russell Rutherford Ryan (OH) Sanchez Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Shuster Simpson Sinema Sires Slaughter Smith (NJ) Smith (WA) Soto Speier Stefanik Stivers Suozzi Swalwell (CA) Takano Tenney Thompson (CA) Thompson (MS) Thompson (PA) Thornberry Tiberi Tonko Torres Trott Tsongas Turner Upton Valadao Vargas Veasey Vela Velazquez Visclosky Wagner Walden Wasserman Schultz Waters, Maxine Watson Coleman Welch Wilson (FL) Wittman Womack Yarmuth Young (IA) NOT VOTING--13 Bridenstine DeSantis Doyle, Michael F. Frelinghuysen Kihuen Murphy (PA) Napolitano Rosen Roybal-Allard Sarbanes Titus Walz Young (AK) {time} 1011 Ms. STEFANIK, Messrs. DUNCAN of South Carolina, CLEAVER, DENHAM, NORCROSS, CONYERS, CUMMINGS, RUTHERFORD, BACON, and Ms. SLAUGHTER changed their vote from ``aye'' to ``no.'' Messrs. WEBSTER of Florida, SESSIONS, Mrs. McMORRIS RODGERS, and Mr. KELLY of Pennsylvania changed their vote from ``no'' to ``aye.'' So the amendment in the nature of a substitute was rejected. The result of the vote was announced as above recorded. Stated against: Ms. ROYBAL-ALLARD. Mr. Chair, I was unavoidably detained. Had I been present, I would have voted ``nay'' on rollcall No. 555. PERSONAL EXPLANATION Mrs. NAPOLITANO. Mr. Chair, I was absent during roll call votes No. 553 through 555 due to my spouse's health situation in California. Had I been present, I would have voted aye on the Grijalva of Arizona Substitute Amendment No. 1, aye on the Scott of Virginia Substitute Amendment No. 2, and no on the McClintock of California Substitute Amendment No. 3. Amendment No. 4 in the Nature of a Substitute Offered by Mr. Yarmuth The Acting CHAIR. It is now in order to consider amendment No. 4 printed in House Report 115-339. Mr. YARMUTH. Mr. Chair, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment in the nature of a substitute is as follows: Strike all after the resolving clause and insert the following: SECTION 1. CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2018. (a) Declaration.--Congress declares that this resolution is the concurrent resolution on the budget for fiscal year 2018 and that this resolution sets forth the appropriate budgetary levels for fiscal years 2019 through 2027. (b) Table of Contents.--The table of contents for this concurrent resolution is as follows: Sec. 1. Concurrent resolution on the budget for fiscal year 2018. TITLE I--RECOMMENDED LEVELS AND AMOUNTS Sec. 101. Recommended levels and amounts. Sec. 102. Major functional categories. TITLE II--RESERVE FUNDS Sec. 201. Deficit-neutral reserve fund for struggling families. Sec. 202. Deficit-neutral reserve fund for health care improvements. Sec. 203. Deficit-neutral reserve fund for job creation through infrastructure and other investments and incentives. Sec. 204. Deficit-neutral reserve fund for education. Sec. 205. Deficit-neutral reserve fund for America's veterans and service members. Sec. 206. Deficit-neutral reserve fund for retirement security. Sec. 207. Deficit-neutral reserve fund for increasing energy independence and security. TITLE III--ENFORCEMENT PROVISIONS Sec. 301. Point of order against advance appropriations. Sec. 302. Adjustments to discretionary spending limits. Sec. 303. Costs of emergency needs, overseas contingency operations, and disaster relief. Sec. 304. Budgetary treatment of certain discretionary administrative expenses. Sec. 305. Application and effect of changes in allocations and aggregates. Sec. 306. Adjustments for changes in the baseline. Sec. 307. Reinstatement of Pay-As-You-Go. Sec. 308. Exercise of rulemaking powers. TITLE IV--POLICY STATEMENTS Sec. 401. Policy of the House on affordable health care coverage for working families. Sec. 402. Policy of the House on tax reform that provides support and relief to hardworking American families. Sec. 403. Policy of the House on defense and nondefense funding increases. Sec. 404. Policy of the House on immigration reform. Sec. 405. Policy of the House on Social Security. Sec. 406. Policy of the House on protecting the Medicare guarantee for seniors and persons with disabilities. Sec. 407. Policy of the House on financial stability and consumer protection. Sec. 408. Policy of the House on women's economic empowerment. Sec. 409. Policy of the House on national security. Sec. 410. Policy of the House on Veterans Affairs. Sec. 411. Policy of the House on disaster response funding. Sec. 412. Policy of the House on the Federal workforce. Sec. 413. Policy of the House on climate change science. Sec. 414. Policy of the House on increased efficiency and eliminating waste. Sec. 415. Policy of the House on the investigation of Russian interference in the 2016 U.S presidential election. TITLE I--RECOMMENDED LEVELS AND AMOUNTS SEC. 101. RECOMMENDED LEVELS AND AMOUNTS. The following budgetary levels are appropriate for each of fiscal years 2018 through 2027: (1) Federal revenues.--For purposes of the enforcement of this resolution: (A) The recommended levels of Federal revenues are as follows: Fiscal year 2018: $2,844,981,000,000. Fiscal year 2019: $2,964,383,000,000. Fiscal year 2020: $3,113,506,000,000. Fiscal year 2021: $3,241,213,000,000. Fiscal year 2022: $3,423,444,000,000. Fiscal year 2023: $3,597,540,000,000. Fiscal year 2024: $3,764,139,000,000. Fiscal year 2025: $3,953,862,000,000. Fiscal year 2026: $4,207,243,000,000. Fiscal year 2027: $4,452,763,000,000. (B) The amounts by which the aggregate levels of Federal revenues should be changed are as follows: Fiscal year 2018: $111,412,000,000. Fiscal year 2019: $130,875,000,000. Fiscal year 2020: $162,930,000,000. [[Page H7864]] Fiscal year 2021: $181,302,000,000. Fiscal year 2022: $240,528,000,000. Fiscal year 2023: $279,624,000,000. Fiscal year 2024: $301,711,000,000. Fiscal year 2025: $331,684,000,000. Fiscal year 2026: $417,865,000,000. Fiscal year 2027: $494,376,000,000. (2) New budget authority.--For purposes of the enforcement of this resolution, the appropriate levels of total new budget authority are as follows: Fiscal year 2018: $3,367,297,000,000. Fiscal year 2019: $3,461,508,000,000. Fiscal year 2020: $3,629,655,000,000. Fiscal year 2021: $3,799,113,000,000. Fiscal year 2022: $4,033,996,000,000. Fiscal year 2023: $4,174,442,000,000. Fiscal year 2024: $4,306,821,000,000. Fiscal year 2025: $4,541,077,000,000. Fiscal year 2026: $4,777,428,000,000. Fiscal year 2027: $4,981,428,000,000. (3) Budget outlays.--For purposes of the enforcement of this resolution, the appropriate levels of total budget outlays are as follows: Fiscal year 2018: $3,298,502,000,000. Fiscal year 2019: $3,458,000,000,000. Fiscal year 2020: $3,600,937,000,000. Fiscal year 2021: $3,772,732,000,000. Fiscal year 2022: $4,013,050,000,000. Fiscal year 2023: $4,138,267,000,000. Fiscal year 2024: $4,256,084,000,000. Fiscal year 2025: $4,494,045,000,000. Fiscal year 2026: $4,734,200,000,000. Fiscal year 2027: $4,939,221,000,000. (4) Deficits.--For purposes of the enforcement of this resolution, the amounts of the deficits are as follows: Fiscal year 2018: $453,521,000,000. Fiscal year 2019: $493,617,000,000. Fiscal year 2020: $487,431,000,000. Fiscal year 2021: $531,519,000,000. Fiscal year 2022: $589,606,000,000. Fiscal year 2023: $540,727,000,000. Fiscal year 2024: $491,945,000,000. Fiscal year 2025: $540,183,000,000. Fiscal year 2026: $526,957,000,000. Fiscal year 2027: $486,458,000,000. (5) Public debt.--Pursuant to section 301(a)(5) of the Congressional Budget Act of 1974 (2 U.S.C 632(a)(5)), the appropriate levels of the public debt are as follows: Fiscal year 2018: $21,039,000,000,000. Fiscal year 2019: $21,723,000,000,000. Fiscal year 2020: $22,376,000,000,000. Fiscal year 2021: $23,077,000,000,000. Fiscal year 2022: $23,809,000,000,000. Fiscal year 2023: $24,527,000,000,000. Fiscal year 2024: $25,225,000,000,000. Fiscal year 2025: $25,964,000,000,000. Fiscal year 2026: $26,751,000,000,000. Fiscal year 2027: $27,396,000,000,000. (6) Debt held by the public.--The appropriate levels of debt held by the public are as follows: Fiscal year 2018: $15,379,000,000,000. Fiscal year 2019: $15,974,000,000,000. Fiscal year 2020: $16,590,000,000,000. Fiscal year 2021: $17,280,000,000,000. Fiscal year 2022: $18,061,000,000,000. Fiscal year 2023: $18,832,000,000,000. Fiscal year 2024: $19,597,000,000,000. Fiscal year 2025: $20,455,000,000,000. Fiscal year 2026: $21,349,000,000,000. Fiscal year 2027: $22,257,000,000,000. SEC. 102. MAJOR FUNCTIONAL CATEGORIES. Congress determines and declares that the appropriate levels of new budget authority and outlays for fiscal years 2018 through 2027 for each major functional category are: (1) National Defense (050): Fiscal year 2018: (A) New budget authority, $611,095,000,000. (B) Outlays, $605,151,000,000. Fiscal year 2019: (A) New budget authority, $624,257,000,000. (B) Outlays, $615,594,000,000. Fiscal year 2020: (A) New budget authority, $637,442,000,000. (B) Outlays, $624,735,000,000. Fiscal year 2021: (A) New budget authority, $650,661,000,000. (B) Outlays, $635,887,000,000. Fiscal year 2022: (A) New budget authority, $663,854,000,000. (B) Outlays, $652,771,000,000. Fiscal year 2023: (A) New budget authority, $678,004,000,000. (B) Outlays, $661,070,000,000. Fiscal year 2024: (A) New budget authority, $692,193,000,000. (B) Outlays, $669,803,000,000. Fiscal year 2025: (A) New budget authority, $706,422,000,000. (B) Outlays, $688,324,000,000. Fiscal year 2026: (A) New budget authority, $722,450,000,000. (B) Outlays, $703,659,000,000. Fiscal year 2027: (A) New budget authority, $737,634,000,000. (B) Outlays, $718,554,000,000. (2) International Affairs (150): Fiscal year 2018: (A) New budget authority, $52,701,000,000. (B) Outlays, $50,093,000,000. Fiscal year 2019: (A) New budget authority, $52,067,000,000. (B) Outlays, $50,535,000,000. Fiscal year 2020: (A) New budget authority, $51,871,000,000. (B) Outlays, $50,799,000,000. Fiscal year 2021: (A) New budget authority, $51,619,000,000. (B) Outlays, $50,165,000,000. Fiscal year 2022: (A) New budget authority, $50,398,000,000. (B) Outlays, $50,235,000,000. Fiscal year 2023: (A) New budget authority, $50,981,000,000. (B) Outlays, $50,156,000,000. Fiscal year 2024: (A) New budget authority, $51,530,000,000. (B) Outlays, $50,335,000,000. Fiscal year 2025: (A) New budget authority, $52,045,000,000. (B) Outlays, $50,582,000,000. Fiscal year 2026: (A) New budget authority, $52,606,000,000. (B) Outlays, $50,953,000,000. Fiscal year 2027: (A) New budget authority, $53,130,000,000. (B) Outlays, $51,388,000,000. (3) General Science, Space, and Technology (250): Fiscal year 2018: (A) New budget authority, $32,607,000,000. (B) Outlays, $31,808,000,000. Fiscal year 2019: (A) New budget authority, $33,260,000,000. (B) Outlays, $32,550,000,000. Fiscal year 2020: (A) New budget authority, $33,918,000,000. (B) Outlays, $33,211,000,000. Fiscal year 2021: (A) New budget authority, $34,622,000,000. (B) Outlays, $33,863,000,000. Fiscal year 2022: (A) New budget authority, $35,350,000,000. (B) Outlays, $34,622,000,000. Fiscal year 2023: (A) New budget authority, $36,074,000,000. (B) Outlays, $35,346,000,000. Fiscal year 2024: (A) New budget authority, $36,802,000,000. (B) Outlays, $36,040,000,000. Fiscal year 2025: (A) New budget authority, $37,586,000,000. (B) Outlays, $36,792,000,000. Fiscal year 2026: (A) New budget authority, $38,377,000,000. (B) Outlays, $37,565,000,000. Fiscal year 2027: (A) New budget authority, $39,173,000,000. (B) Outlays, $38,341,000,000. (4) Energy (270): Fiscal year 2018: (A) New budget authority, $4,873,000,000. (B) Outlays, $2,963,000,000. Fiscal year 2019: (A) New budget authority, $5,341,000,000. (B) Outlays, $3,411,000,000. Fiscal year 2020: (A) New budget authority, $5,742,000,000. (B) Outlays, $4,074,000,000. Fiscal year 2021: (A) New budget authority, $5,858,000,000. (B) Outlays, $4,334,000,000. Fiscal year 2022: (A) New budget authority, $5,789,000,000. (B) Outlays, $4,346,000,000. Fiscal year 2023: (A) New budget authority, $4,807,000,000. (B) Outlays, $3,471,000,000. Fiscal year 2024: (A) New budget authority, $4,270,000,000. (B) Outlays, $3,003,000,000. Fiscal year 2025: (A) New budget authority, $4,166,000,000. (B) Outlays, $3,021,000,000. Fiscal year 2026: (A) New budget authority, $6,423,000,000. (B) Outlays, $5,297,000,000. Fiscal year 2027: (A) New budget authority, $6,515,000,000. (B) Outlays, $5,459,000,000. (5) Natural Resources and Environment (300): Fiscal year 2018: (A) New budget authority, $44,095,000,000. (B) Outlays, $44,593,000,000. Fiscal year 2019: (A) New budget authority, $45,009,000,000. (B) Outlays, $45,350,000,000. Fiscal year 2020: (A) New budget authority, $46,746,000,000. (B) Outlays, $46,675,000,000. Fiscal year 2021: (A) New budget authority, $47,696,000,000. (B) Outlays, $47,383,000,000. Fiscal year 2022: (A) New budget authority, $48,734,000,000. (B) Outlays, $48,169,000,000. Fiscal year 2023: (A) New budget authority, $49,784,000,000. (B) Outlays, $49,162,000,000. Fiscal year 2024: (A) New budget authority, $50,694,000,000. (B) Outlays, $50,065,000,000. Fiscal year 2025: (A) New budget authority, $51,759,000,000. (B) Outlays, $51,041,000,000. Fiscal year 2026: (A) New budget authority, $52,789,000,000. (B) Outlays, $52,010,000,000. Fiscal year 2027: (A) New budget authority, $53,904,000,000. (B) Outlays, $53,122,000,000. (6) ***Agriculture*** (350): Fiscal year 2018: (A) New budget authority, $24,863,000,000. (B) Outlays, $23,248,000,000. Fiscal year 2019: (A) New budget authority, $22,675,000,000. (B) Outlays, $21,067,000,000. Fiscal year 2020: (A) New budget authority, $21,625,000,000. (B) Outlays, $20,766,000,000. Fiscal year 2021: (A) New budget authority, $22,833,000,000. (B) Outlays, $22,220,000,000. Fiscal year 2022: (A) New budget authority, $21,803,000,000. (B) Outlays, $21,319,000,000. Fiscal year 2023: (A) New budget authority, $21,931,000,000. (B) Outlays, $21,518,000,000. Fiscal year 2024: (A) New budget authority, $22,437,000,000. (B) Outlays, $21,908,000,000. Fiscal year 2025: (A) New budget authority, $23,144,000,000. (B) Outlays, $22,523,000,000. Fiscal year 2026: [[Page H7865]] (A) New budget authority, $23,360,000,000. (B) Outlays, $22,763,000,000. Fiscal year 2027: (A) New budget authority, $23,171,000,000. (B) Outlays, $22,596,000,000. (7) Commerce and Housing Credit (370): Fiscal year 2018: (A) New budget authority, $16,417,000,000. (B) Outlays, $2,791,000,000. Fiscal year 2019: (A) New budget authority, $18,159,000,000. (B) Outlays, $9,503,000,000. Fiscal year 2020: (A) New budget authority, $17,785,000,000. (B) Outlays, $9,689,000,000. Fiscal year 2021: (A) New budget authority, $16,235,000,000. (B) Outlays, $7,375,000,000. Fiscal year 2022: (A) New budget authority, $18,376,000,000. (B) Outlays, $8,551,000,000. Fiscal year 2023: (A) New budget authority, $18,843,000,000. (B) Outlays, $8,358,000,000. Fiscal year 2024: (A) New budget authority, $19,316,000,000. (B) Outlays, $7,728,000,000. Fiscal year 2025: (A) New budget authority, $20,264,000,000. (B) Outlays, $7,445,000,000. Fiscal year 2026: (A) New budget authority, $19,953,000,000. (B) Outlays, $7,297,000,000. Fiscal year 2027: (A) New budget authority, $19,880,000,000. (B) Outlays, $7,056,000,000. (8) Transportation (400): Fiscal year 2018: (A) New budget authority, $94,127,000,000. (B) Outlays, $94,127,000,000. Fiscal year 2019: (A) New budget authority, $96,208,000,000. (B) Outlays, $95,317,000,000. Fiscal year 2020: (A) New budget authority, $90,834,000,000. (B) Outlays, $96,984,000,000. Fiscal year 2021: (A) New budget authority, $91,720,000,000. (B) Outlays, $98,346,000,000. Fiscal year 2022: (A) New budget authority, $92,632,000,000. (B) Outlays, $99,800,000,000. Fiscal year 2023: (A) New budget authority, $93,551,000,000. (B) Outlays, $101,474,000,000. Fiscal year 2024: (A) New budget authority, $94,477,000,000. (B) Outlays, $103,104,000,000. Fiscal year 2025: (A) New budget authority, $95,468,000,000. (B) Outlays, $105,171,000,000. Fiscal year 2026: (A) New budget authority, $96,468,000,000. (B) Outlays, $107,021,000,000. Fiscal year 2027: (A) New budget authority, $97,481,000,000. (B) Outlays, $108,930,000,000. (9) Community and Regional Development (450): Fiscal year 2018: (A) New budget authority, $20,342,000,000. (B) Outlays, $24,344,000,000. Fiscal year 2019: (A) New budget authority, $19,877,000,000. (B) Outlays, $24,725,000,000. Fiscal year 2020: (A) New budget authority, $20,707,000,000. (B) Outlays, $23,465,000,000. Fiscal year 2021: (A) New budget authority, $21,132,000,000. (B) Outlays, $22,303,000,000. Fiscal year 2022: (A) New budget authority, $21,592,000,000. (B) Outlays, $21,391,000,000. Fiscal year 2023: (A) New budget authority, $22,028,000,000. (B) Outlays, $20,391,000,000. Fiscal year 2024: (A) New budget authority, $22,475,000,000. (B) Outlays, $20,248,000,000. Fiscal year 2025: (A) New budget authority, $22,957,000,000. (B) Outlays, $20,597,000,000. Fiscal year 2026: (A) New budget authority, $23,443,000,000. (B) Outlays, $20,803,000,000. Fiscal year 2027: (A) New budget authority, $23,579,000,000. (B) Outlays, $21,187,000,000. (10) Education, Training, Employment, and Social Services (500): Fiscal year 2018: (A) New budget authority, $106,514,000,000. (B) Outlays, $105,100,000,000. Fiscal year 2019: (A) New budget authority, $109,914,000,000. (B) Outlays, $115,689,000,000. Fiscal year 2020: (A) New budget authority, $112,802,000,000. (B) Outlays, $111,590,000,000. Fiscal year 2021: (A) New budget authority, $116,131,000,000. (B) Outlays, $114,730,000,000. Fiscal year 2022: (A) New budget authority, $118,614,000,000. (B) Outlays, $117,458,000,000. Fiscal year 2023: (A) New budget authority, $120,755,000,000. (B) Outlays, $119,721,000,000. Fiscal year 2024: (A) New budget authority, $122,813,000,000. (B) Outlays, $121,720,000,000. Fiscal year 2025: (A) New budget authority, $124,791,000,000. (B) Outlays, $123,693,000,000. Fiscal year 2026: (A) New budget authority, $126,672,000,000. (B) Outlays, $125,661,000,000. Fiscal year 2027: (A) New budget authority, $128,521,000,000. (B) Outlays, $127,646,000,000. (11) Health (550): Fiscal year 2018: (A) New budget authority, $571,431,000,000. (B) Outlays, $579,006,000,000. Fiscal year 2019: (A) New budget authority, $602,781,000,000. (B) Outlays, $603,771,000,000. Fiscal year 2020: (A) New budget authority, $646,929,000,000. (B) Outlays, $636,581,000,000. Fiscal year 2021: (A) New budget authority, $669,489,000,000. (B) Outlays, $668,431,000,000. Fiscal year 2022: (A) New budget authority, $703,074,000,000. (B) Outlays, $701,107,000,000. Fiscal year 2023: (A) New budget authority, $736,459,000,000. (B) Outlays, $734,349,000,000. Fiscal year 2024: (A) New budget authority, $772,672,000,000. (B) Outlays, $770,440,000,000. Fiscal year 2025: (A) New budget authority, $810,846,000,000. (B) Outlays, $807,924,000,000. Fiscal year 2026: (A) New budget authority, $849,794,000,000. (B) Outlays, $846,440,000,000. Fiscal year 2027: (A) New budget authority, $890,523,000,000. (B) Outlays, $887,123,000,000. (12) Medicare (570): Fiscal year 2018: (A) New budget authority, $598,530,000,000. (B) Outlays, $597,691,000,000. Fiscal year 2019: (A) New budget authority, $655,963,000,000. (B) Outlays, $655,485,000,000. Fiscal year 2020: (A) New budget authority, $694,178,000,000. (B) Outlays, $693,880,000,000. Fiscal year 2021: (A) New budget authority, $746,379,000,000. (B) Outlays, $746,140,000,000. Fiscal year 2022: (A) New budget authority, $840,893,000,000. (B) Outlays, $840,679,000,000. Fiscal year 2023: (A) New budget authority, $865,420,000,000. (B) Outlays, $865,230,000,000. Fiscal year 2024: (A) New budget authority, $888,496,000,000. (B) Outlays, $888,306,000,000. Fiscal year 2025: (A) New budget authority, $986,770,000,000. (B) Outlays, $986,568,000,000. Fiscal year 2026: (A) New budget authority, $1,070,124,000,000. (B) Outlays, $1,069,920,000,000. Fiscal year 2027: (A) New budget authority, $1,152,041,000,000. (B) Outlays, $1,151,843,000,000. (13) Income Security (600): Fiscal year 2018: (A) New budget authority, $522,623,000,000. (B) Outlays, $504,646,000,000. Fiscal year 2019: (A) New budget authority, $538,200,000,000. (B) Outlays, $525,694,000,000. Fiscal year 2020: (A) New budget authority, $554,091,000,000. (B) Outlays, $542,383,000,000. Fiscal year 2021: (A) New budget authority, $569,091,000,000. (B) Outlays, $558,147,000,000. Fiscal year 2022: (A) New budget authority, $587,643,000,000. (B) Outlays, $583,197,000,000. Fiscal year 2023: (A) New budget authority, $596,563,000,000. (B) Outlays, $587,818,000,000. Fiscal year 2024: (A) New budget authority, $605,530,000,000. (B) Outlays, $591,214,000,000. Fiscal year 2025: (A) New budget authority, $626,210,000,000. (B) Outlays, $612,973,000,000. Fiscal year 2026: (A) New budget authority, $641,786,000,000. (B) Outlays, $635,202,000,000. Fiscal year 2027: (A) New budget authority, $658,210,000,000. (B) Outlays, $650,880,000,000. (14) Social Security (650): Fiscal year 2018: (A) New budget authority, $39,801,000,000. (B) Outlays, $39,644,000,000. Fiscal year 2019: (A) New budget authority, $43,342,000,000. (B) Outlays, $43,283,000,000. Fiscal year 2020: (A) New budget authority, $46,606,000,000. (B) Outlays, $46,586,000,000. Fiscal year 2021: (A) New budget authority, $50,055,000,000. (B) Outlays, $50,047,000,000. Fiscal year 2022: (A) New budget authority, $53,680,000,000. (B) Outlays, $53,686,000,000. Fiscal year 2023: (A) New budget authority, $57,643,000,000. (B) Outlays, $57,653,000,000. Fiscal year 2024: (A) New budget authority, $62,003,000,000. (B) Outlays, $62,016,000,000. Fiscal year 2025: (A) New budget authority, $66,598,000,000. (B) Outlays, $66,614,000,000. Fiscal year 2026: (A) New budget authority, $71,052,000,000. (B) Outlays, $71,069,000,000. Fiscal year 2027: (A) New budget authority, $75,625,000,000. (B) Outlays, $75,642,000,000. (15) Veterans Benefits and Services (700): Fiscal year 2018: (A) New budget authority, $177,885,000,000. (B) Outlays, $178,068,000,000. Fiscal year 2019: (A) New budget authority, $194,339,000,000. (B) Outlays, $191,615,000,000. Fiscal year 2020: (A) New budget authority, $201,128,000,000. [[Page H7866]] (B) Outlays, $198,981,000,000. Fiscal year 2021: (A) New budget authority, $207,588,000,000. (B) Outlays, $205,546,000,000. Fiscal year 2022: (A) New budget authority, $223,845,000,000. (B) Outlays, $221,690,000,000. Fiscal year 2023: (A) New budget authority, $221,566,000,000. (B) Outlays, $219,455,000,000. Fiscal year 2024: (A) New budget authority, $218,419,000,000. (B) Outlays, $216,409,000,000. Fiscal year 2025: (A) New budget authority, $236,394,000,000. (B) Outlays, $234,258,000,000. Fiscal year 2026: (A) New budget authority, $243,968,000,000. (B) Outlays, $241,722,000,000. Fiscal year 2027: (A) New budget authority, $252,291,000,000. (B) Outlays, $250,117,000,000. (16) Administration of Justice (750): Fiscal year 2018: (A) New budget authority, $72,891,000,000. (B) Outlays, $64,801,000,000. Fiscal year 2019: (A) New budget authority, $64,627,000,000. (B) Outlays, $65,986,000,000. Fiscal year 2020: (A) New budget authority, $66,098,000,000. (B) Outlays, $68,832,000,000. Fiscal year 2021: (A) New budget authority, $67,376,000,000. (B) Outlays, $71,409,000,000. Fiscal year 2022: (A) New budget authority, $68,297,000,000. (B) Outlays, $71,222,000,000. Fiscal year 2023: (A) New budget authority, $69,718,000,000. (B) Outlays, $70,772,000,000. Fiscal year 2024: (A) New budget authority, $71,136,000,000. (B) Outlays, $70,946,000,000. Fiscal year 2025: (A) New budget authority, $72,589,000,000. (B) Outlays, $72,215,000,000. Fiscal year 2026: (A) New budget authority, $80,126,000,000. (B) Outlays, $80,500,000,000. Fiscal year 2027: (A) New budget authority, $82,335,000,000. (B) Outlays, $81,878,000,000. (17) General Government (800): Fiscal year 2018: (A) New budget authority, $27,958,000,000. (B) Outlays, $26,363,000,000. Fiscal year 2019: (A) New budget authority, $28,794,000,000. (B) Outlays, $27,635,000,000. Fiscal year 2020: (A) New budget authority, $29,761,000,000. (B) Outlays, $28,995,000,000. Fiscal year 2021: (A) New budget authority, $30,771,000,000. (B) Outlays, $30,062,000,000. Fiscal year 2022: (A) New budget authority, $31,792,000,000. (B) Outlays, $31,154,000,000. Fiscal year 2023: (A) New budget authority, $32,512,000,000. (B) Outlays, $31,939,000,000. Fiscal year 2024: (A) New budget authority, $32,997,000,000. (B) Outlays, $32,462,000,000. Fiscal year 2025: (A) New budget authority, $33,743,000,000. (B) Outlays, $33,135,000,000. Fiscal year 2026: (A) New budget authority, $34,507,000,000. (B) Outlays, $33,882,000,000. Fiscal year 2027: (A) New budget authority, $35,257,000,000. (B) Outlays, $34,624,000,000. (18) Net Interest (900): Fiscal year 2018: (A) New budget authority, $376,659,000,000. (B) Outlays, $376,659,000,000. Fiscal year 2019: (A) New budget authority, $408,859,000,000. (B) Outlays, $408,859,000,000. Fiscal year 2020: (A) New budget authority, $451,939,000,000. (B) Outlays, $451,939,000,000. Fiscal year 2021: (A) New budget authority, $500,021,000,000. (B) Outlays, $500,021,000,000. Fiscal year 2022: (A) New budget authority, $547,271,000,000. (B) Outlays, $547,271,000,000. Fiscal year 2023: (A) New budget authority, $592,994,000,000. (B) Outlays, $592,994,000,000. Fiscal year 2024: (A) New budget authority, $633,047,000,000. (B) Outlays, $633,047,000,000. Fiscal year 2025: (A) New budget authority, $670,462,000,000. (B) Outlays, $670,462,000,000. Fiscal year 2026: (A) New budget authority, $707,440,000,000. (B) Outlays, $707,440,000,000. Fiscal year 2027: (A) New budget authority, $737,582,000,000. (B) Outlays, $737,707,000,000. (19) Allowances (920): Fiscal year 2018: (A) New budget authority, -$22,591,000,000. (B) Outlays, -$12,395,000,000. Fiscal year 2019: (A) New budget authority, -$17,085,000,000. (B) Outlays, -$12,371,000,000. Fiscal year 2020: (A) New budget authority, -$15,770,000,000. (B) Outlays, -$12,336,000,000. Fiscal year 2021: (A) New budget authority, -$13,661,000,000. (B) Outlays, -$10,553,000,000. Fiscal year 2022: (A) New budget authority, -$11,494,000,000. (B) Outlays, -$8,900,000,000. Fiscal year 2023: (A) New budget authority, -$6,624,000,000. (B) Outlays, -$4,666,000,000. Fiscal year 2024: (A) New budget authority, -$2,414,000,000. (B) Outlays, -$833,000,000. Fiscal year 2025: (A) New budget authority, -$872,000,000. (B) Outlays, $907,000,000. Fiscal year 2026: (A) New budget authority, $14,641,000,000. (B) Outlays, $13,517,000,000. Fiscal year 2027: (A) New budget authority, $15,832,000,000. (B) Outlays, $16,367,000,000. (20) Undistributed Offsetting Receipts (950): Fiscal year 2018: (A) New budget authority, -$82,115,000,000. (B) Outlays, -$82,115,000,000. Fiscal year 2019: (A) New budget authority, -$85,079,000,000. (B) Outlays, -$85,079,000,000. Fiscal year 2020: (A) New budget authority, -$84,777,000,000. (B) Outlays, -$84,777,000,000. Fiscal year 2021: (A) New budget authority, -$86,503,000,000. (B) Outlays, -$86,503,000,000. Fiscal year 2022: (A) New budget authority, -$88,147,000,000. (B) Outlays, -$88,147,000,000. Fiscal year 2023: (A) New budget authority, -$88,567,000,000. (B) Outlays, -$88,567,000,000. Fiscal year 2024: (A) New budget authority, -$92,072,000,000. (B) Outlays, -$92,072,000,000. Fiscal year 2025: (A) New budget authority, -$100,265,000,000. (B) Outlays, -$100,265,000,000. Fiscal year 2026: (A) New budget authority, -$98,551,000,000. (B) Outlays, -$98,551,000,000. Fiscal year 2027: (A) New budget authority, -$101,256,000,000. (B) Outlays, -$101,256,000,000. (21) Overseas Contingency Operations (970): Fiscal year 2018: (A) New budget authority, $76,591,000,000. (B) Outlays, $41,916,000,000. Fiscal year 2019: (A) New budget authority, $0. (B) Outlays, $19,381,000,000. Fiscal year 2020: (A) New budget authority, $0. (B) Outlays, $7,885,000,000. Fiscal year 2021: (A) New budget authority, $0. (B) Outlays, $3,379,000,000. Fiscal year 2022: (A) New budget authority, $0. (B) Outlays, $1,429,000,000. Fiscal year 2023: (A) New budget authority, $0. (B) Outlays, $623,000,000. Fiscal year 2024: (A) New budget authority, $0. (B) Outlays, $195,000,000. Fiscal year 2025: (A) New budget authority, $0. (B) Outlays, $64,000,000. Fiscal year 2026: (A) New budget authority, $0. (B) Outlays, $30,000,000. Fiscal year 2027: (A) New budget authority, $0. (B) Outlays, $16,000,000. TITLE II--RESERVE FUNDS SEC. 201. DEFICIT-NEUTRAL RESERVE FUND FOR STRUGGLING FAMILIES. The Chair of the House Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this resolution for any bill, joint resolution, amendment, or conference report that improves the lives of struggling families by the amounts provided in such measure if such measure would not increase the deficit for either of the following time periods: fiscal year 2018 to fiscal year 2022 or fiscal year 2018 to fiscal year 2027. Improvements may include any of the following: (1) Ensuring that all Americans have access to good-paying jobs, including funding proven, effective job training and employment ***programs***, such as summer and year-round youth employment ***programs*** and registered apprenticeship ***programs***, and national service opportunities. (2) Tax reform that provides support and relief to hard- working American families, including enhancements to the Earned Income Tax Credit, the Child Tax Credit, and the Child and Dependent Care Tax Credit. (3) Expanded investments to ensure all working families have access to high-quality childcare ***programs***. (4) Creation of a permanent summer child nutrition Electronic Funds Transfer ***program*** to ensure children receive supplemental food benefits. (5) Additional investment in the Affordable Housing Trust Fund beyond the base levels provided by the Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac). (6) Reauthorization of the Maternal, Infant, and Early Childhood Home Visiting ***program*** that ensures the continuation of successful home visiting ***programs*** and additional Federal support to serve a greater share of at-risk families. (7) Changes to improve the Temporary Assistance for Needy Families (TANF) ***program***, including legislation that increases funding for the base block grant, increases access to education and training, or requires States to spend more TANF funds on the ***program***'s core purposes such as work, childcare, and assistance to struggling families. [[Page H7867]] (8) Funding for research designed to improve ***program*** effectiveness in creating positive outcomes for low-income children and families. (9) Additional investments that end homelessness among America's families. (10) Changes to improve support for at-risk families, reduce child abuse and neglect, or improve reunification, permanency, and post-permanency services in order to reduce the need for foster care. (11) Changes to encourage and efficiently collect increased parental support for children, including legislation that results in a greater share of collected child support reaching the child and policies to ensure that non-custodial parents are able to pay the child support they owe and maintain positive relationships with their children. SEC. 202. DEFICIT-NEUTRAL RESERVE FUND FOR HEALTH CARE IMPROVEMENTS. The Chair of the House Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this resolution for any bill, joint resolution, amendment, or conference report that-- (1) improves the affordability and quality of health care and expands coverage; (2) improves access to and affordability of prescription drugs; (3) improves the stability of the marketplaces for nongroup health insurance; (4) advances biomedical research and development of more effective treatments and cures; (5) extends expiring provisions of Medicare, Medicaid, Children's Health Insurance ***Program*** and other health ***programs***; (6) improves access to opioid addiction treatment and prevention ***programs***; (7) improves availability of long-term care services and supports for senior citizens and individuals with disabilities, (8) improves the contemporary health care workforce's ability to meet emerging demands; (9) improves Medicare quality, efficiency, and benefit design to make care more affordable and accessible for people with Medicare; or (10) improves Medicaid quality, efficiency, and benefit design to make care more affordable and accessible for people with Medicaid; by the amounts provided in such measure if such measure would not increase the deficit for either of the following time periods: fiscal year 2018 to fiscal year 2022 or fiscal year 2018 to fiscal year 2027. SEC. 203. DEFICIT-NEUTRAL RESERVE FUND FOR JOB CREATION THROUGH INFRASTRUCTURE AND OTHER INVESTMENTS AND INCENTIVES. The Chair of the House Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this resolution for any bill, joint resolution, amendment, or conference report that provides for robust Federal investments in America's infrastructure, incentives for businesses, and support for communities or other measures that create jobs for Americans and boost the economy. Revisions may be made for measures that-- (1) provide for additional investments in highways, transit systems, bridges, rail, aviation, harbors (including harbor maintenance dredging), seaports, inland waterway systems, public housing, broadband, energy, water, and other infrastructure; (2) provide for additional investments in other areas that would help businesses and other employers create new jobs; and (3) provide additional incentives, including tax incentives, to help small businesses, nonprofits, States, and communities expand investment, train, hire, and retain private-sector workers and public service employees; by the amounts provided in such measure if such measure does not increase the deficit for either of the following time periods: fiscal year 2018 to fiscal year 2022 or fiscal year 2018 to fiscal year 2027. SEC. 204. DEFICIT-NEUTRAL RESERVE FUND FOR EDUCATION. The Chair of the House Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this resolution for any bill, joint resolution, amendment, or conference report that supports students by the amounts provided in such measure if such measure would not increase the deficit for either of the following time periods: fiscal year 2018 to fiscal year 2022 or fiscal year 2018 to fiscal year 2027. Support may include any of the following: (1) Efforts to make higher education more affordable and increase college and degree completion by encouraging States and institutions of higher education to improve educational outcomes and access for low- and moderate-income students through support for campus-based aid ***programs***; increased funding for the Pell grant ***program***; and assistance to empower borrowers in lowering and managing their student loan debt through refinancing and expanded repayment options. (2) Increases in funding for the Individuals with Disabilities Education Act (IDEA) to put the Federal Government on a 10-year path to fulfill its commitment to America's children and schools by providing 40 percent of the average per pupil expenditure for special education. (3) Increases in funding to ensure access to high-quality child care and early learning ***programs*** for every child including investments in the Federal Preschool Development Grant ***program***, Head Start ***program***, and the Child Care and Development Block Grant. (4) Increases in funding for formula ***programs*** authorized by Congress in the Elementary and Secondary Education Act, as amended by the Every Student Succeeds Act, including Title I- A, Title II-A, Title III, The 21st Century Community Learning Center ***Program***, and Title IV-A, to support public school teachers and prepare all public school students, including students who are low-income, students learning to speak English, minority students, and students with disabilities, for success in college and their careers. (5) Increases in funding for STEM, including computer science, and Career and Technical Education (CTE) ***programs*** to close the nation's skills gap by ensuring all students have access to high-quality educational ***programming*** that prepares them for high-paying careers in a global economy through the integration of academic content and technical skills. SEC. 205. DEFICIT-NEUTRAL RESERVE FUND FOR AMERICA'S VETERANS AND SERVICE MEMBERS. The Chair of the House Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this resolution for any bill, joint resolution, amendment, or conference report that-- (1) reforms or otherwise improves the ability of the Department of Veterans Affairs to provide greater and more timely access to quality health care and to enhance the delivery of benefits to the Nation's veterans, or improves the delivery of health care to servicemembers; (2) improves the treatment of post-traumatic stress disorder and other mental illnesses, and increases the capacity to address health care needs unique to women veterans; (3) makes improvements to the Post-9/11 Veterans Educational Assistance Act of 2008 to ensure that veterans receive the educational benefits they need to maximize their employment opportunities; (4) improves disability benefits or evaluations for wounded or disabled military personnel or veterans, including measures to expedite the claims process; (5) expands eligibility to permit additional disabled military retirees to receive both disability compensation and retired pay (concurrent receipt); (6) eliminates the offset between Survivor Benefit ***Plan*** annuities and veterans' dependency and indemnity compensation; or (7) improves information technology at the Department of Veterans Affairs, including for the purchase and implementation of the same electronic health record system used by the Department of Defense; by the amounts provided in such measure if such measure would not increase the deficit for either of the following time periods: fiscal year 2018 to fiscal year 2022 or fiscal year 2018 to fiscal year 2027. SEC. 206. DEFICIT-NEUTRAL RESERVE FUND FOR RETIREMENT SECURITY. The Chair of the House Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this resolution for any bill, joint resolution, amendment, or conference report that strengthens or protects retirement security by the amounts provided in such measure if such measure would not increase the deficit for either of the following time periods: fiscal year 2018 to fiscal year 2022 or fiscal year 2018 to fiscal year 2022. The revisions may be made for measures that-- (1) improve the security of existing pension ***plans***, including public- and private-sector ***plans***, single- and multi-employer ***plans***, and the Central States Pension Fund; (2) address the impending insolvency of the coal miners' pension ***plan*** (1974 United Mine Workers of America Pension ***plan***) that, if left unfunded, will jeopardize the solvency of the Pension Benefit Guaranty Corporation insurance fund; (3) improve access to and quality of existing pension ***plans***, including both defined-benefit and defined- contribution ***plans***; and (4) create new options or incentives for employers to offer pension or retirement savings ***plans***, and/or for employees to participate in them. SEC. 207. DEFICIT-NEUTRAL RESERVE FUND FOR INCREASING ENERGY INDEPENDENCE AND SECURITY. The Chair of the House Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this resolution for any bill, joint resolution, amendment, or conference report that-- (1) provides tax incentives for or otherwise encourages the production of renewable energy or increased energy efficiency; (2) encourages investment in emerging clean energy or vehicle technologies or carbon capture and sequestration; (3) provides additional resources for oversight and expanded enforcement activities to crack down on speculation in and manipulation of oil and gas markets, including derivatives markets; (4) limits and provides for reductions in greenhouse gas emissions; (5) assists businesses, industries, States, communities, the environment, workers, or households as the United States moves toward reducing and offsetting the impacts of greenhouse gas emissions; or (6) facilitates the training of workers for these industries (``clean energy jobs'') by the amounts provided in such measure if such measure would not increase the deficit for either of the following time periods: fiscal year 2018 to fiscal year 2022 or fiscal year 2018 to fiscal year 2027. [[Page H7868]] TITLE III--ENFORCEMENT PROVISIONS SEC. 301. POINT OF ORDER AGAINST ADVANCE APPROPRIATIONS. (a) In General.--In the House, except as provided in subsection (b), any bill, joint resolution, amendment, or conference report making a general appropriation or continuing appropriation may not provide for advance appropriations. (b) Exceptions.--Advance appropriations may be provided-- (1) for fiscal year 2019 for ***programs***, projects, activities, or accounts identified in the joint explanatory statement of managers to accompany this resolution under the heading ``Accounts Identified for Advance Appropriations'' in an aggregate amount not to exceed $28,852,000,000 in new budget authority, and for 2020, accounts separately identified under the same heading; and (2) for all discretionary ***programs*** administered by the Department of Veterans Affairs. (c) Definition.--In this section, the term ``advance appropriation'' means any new discretionary budget authority provided in a bill or joint resolution, or any amendment thereto or conference report thereon, making general appropriations or continuing appropriations that first becomes available for any fiscal year after 2018. SEC. 302. ADJUSTMENTS TO DISCRETIONARY SPENDING LIMITS. (a) ***Program*** Integrity Initiatives Under the Budget Control Act.-- (1) Social security administration ***program*** integrity initiatives.--In the House, prior to consideration of any bill, joint resolution, amendment, or conference report making appropriations for fiscal year 2018 that appropriates amounts as provided under section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, the allocation to the House Committee on Appropriations shall be increased by the amount of additional budget authority and outlays resulting from that budget authority for fiscal year 2018. (2) Health care fraud and abuse control ***program***.--In the House, prior to consideration of any bill, joint resolution, amendment, or conference report making appropriations for fiscal year 2018 that appropriates amounts as provided under section 251(b)(2)(C) of the Balanced Budget and Emergency Deficit Control Act of 1985, the allocation to the House Committee on Appropriations shall be increased by the amount of additional budget authority and outlays resulting from that budget authority for fiscal year 2018. (b) Additional ***Program*** Integrity Initiatives.-- (1) Internal revenue service tax compliance.--In the House, prior to consideration of any bill, joint resolution, amendment, or conference report making appropriations for fiscal year 2018 that appropriates $4,860,000,000 for the Internal Revenue Service under the Enforcement appropriation title to carry out tax enforcement activities and provides an additional appropriation of up to $514,000,000 to the Internal Revenue Service that is designated for enhanced tax enforcement to address the tax gap (taxes owed but not paid), the Chair of the Budget Committee shall increase the allocation to the House Committee on Appropriations by the amount of additional budget authority and outlays resulting from that budget authority for fiscal year 2018. (2) Unemployment insurance ***program*** integrity activities.-- In the House, prior to consideration of any bill, joint resolution, amendment, or conference report making appropriations for fiscal year 2018 that appropriates $151,000,000 for in-person reemployment and eligibility assessments, reemployment services and training referrals, and unemployment insurance improper payment reviews for the Department of Labor and provides an additional appropriation of up to $35,000,000, and the amount is designated for in- person reemployment and eligibility assessments, reemployment services and training referrals, and unemployment insurance improper payment reviews for the Department of Labor, the allocation to the House Committee on Appropriations shall be increased by the amount of additional budget authority and outlays resulting from that budget authority for fiscal year 2018. (c) Procedure for Adjustments.--In the House, prior to consideration of any bill, joint resolution, amendment, or conference report, the Chair of the House Committee on the Budget shall make the adjustments set forth in this subsection for the incremental new budget authority in that measure and the outlays resulting from that budget authority if that measure meets the requirements set forth in this section. SEC. 303. COSTS OF EMERGENCY NEEDS, OVERSEAS CONTINGENCY OPERATIONS, AND DISASTER RELIEF. (a) Emergency Needs.--If any bill, joint resolution, amendment, or conference report makes appropriations for discretionary amounts and such amounts are designated as necessary to meet emergency needs pursuant to this subsection, then new budget authority and outlays resulting from that budget authority shall not count for the purposes of the Congressional Budget Act of 1974, or this resolution. (b) Overseas Contingency Operations.--In the House, if any bill, joint resolution, amendment, or conference report makes appropriations for fiscal year 2018 for Overseas Contingency Operations and such amounts are so designated pursuant to this paragraph, then the Chair of the House Committee on the Budget may adjust the allocation to the House Committee on Appropriations by the amounts provided in such legislation for that purpose up to, but not to exceed, the total amount of budget authority specified in section 102(21). (c) Disaster Relief.--In the House, if any bill, joint resolution, amendment, or conference report makes appropriations for discretionary amounts and such amounts are designated for disaster relief pursuant to this subsection, then the allocation to the Committee on Appropriations, and as necessary, the aggregates in this resolution, shall be adjusted by the amount of new budget authority and outlays up to the amounts provided under section 251(b)(2)(D) of the Balanced Budget and Emergency Deficit Control Act of 1985, as adjusted by subsection (d). (d) Wildfire Suppression Operations.-- (1) Cap adjustment.--In the House, if any bill, joint resolution, amendment, or conference report making appropriations for wildfire suppression operations for fiscal year 2018 that appropriates a base amount equal to 70 percent of the average cost of wildfire suppression operations over the previous 10 years and provides an additional appropriation of up to but not to exceed $1,154,000,000 for wildfire suppression operations and such amounts are so designated pursuant to this paragraph, then the allocation to the House Committee on Appropriations may be adjusted by the additional amount of budget authority above the base amount and the outlays resulting from that additional budget authority. (2) Deficit-neutral adjustment.--The total allowable discretionary adjustment for disaster relief pursuant to section 251(b)(2)(D) of the Balanced Budget and Emergency Deficit Control Act of 1985 shall be reduced by an amount equivalent to the sum of allocation increases made pursuant to paragraph (1) in the previous year. (e) Procedure for Adjustments.--In the House, prior to consideration of any bill, joint resolution, amendment, or conference report, the Chair of the House Committee on the Budget shall make the adjustments set forth in subsections (b), (c), and (d) for the incremental new budget authority in that measure and the outlays resulting from that budget authority if that measure meets the requirements set forth in this section. SEC. 304. BUDGETARY TREATMENT OF CERTAIN DISCRETIONARY ADMINISTRATIVE EXPENSES. (a) In General.--In the House, notwithstanding section 302(a)(1) of the Congressional Budget Act of 1974, section 13301 of the Budget Enforcement Act of 1990, and section 4001 of the Omnibus Budget Reconciliation Act of 1989, the joint explanatory statement accompanying the conference report on any concurrent resolution on the budget shall include in its allocation under section 302(a) of the Congressional Budget Act of 1974 to the House Committee on Appropriations amounts for the discretionary administrative expenses of the Social Security Administration and of the Postal Service. (b) Special Rule.--For purposes of applying section 302(f) of the Congressional Budget Act of 1974, estimates of the level of total new budget authority and total outlays provided by a measure shall include any off-budget discretionary amounts. SEC. 305. APPLICATION AND EFFECT OF CHANGES IN ALLOCATIONS AND AGGREGATES. (a) Application.--In the House, any adjustments of allocations and aggregates made pursuant to this resolution shall-- (1) apply while that measure is under consideration; (2) take effect upon the enactment of that measure; and (3) be published in the Congressional Record as soon as practicable. (b) Effect of Changed Allocations and Aggregates.--Revised allocations and aggregates resulting from these adjustments shall be considered for the purposes of the Congressional Budget Act of 1974 as allocations and aggregates included in this resolution. (c) Adjustments.--The Chair of the House Committee on the Budget may adjust the aggregates, allocations, and other levels in this resolution for legislation which has received final congressional approval in the same form by the House of Representatives and the Senate, but has yet to be presented to or signed by the President at the time of final consideration of this resolution. SEC. 306. ADJUSTMENTS FOR CHANGES IN THE BASELINE. The Chair of the House Committee on the Budget may adjust the allocations, aggregates, reconciliation targets, and other appropriate budgetary levels in this concurrent resolution to reflect changes resulting from the Congressional Budget Office's update to its baseline for fiscal years 2018 through 2027. SEC. 307. REINSTATEMENT OF PAY-AS-YOU-GO. In the House, and pursuant to section 301(b)(8) of the Congressional Budget Act of 1974, for the remainder of the 115th Congress, the following shall apply in lieu of ``CUTGO'' rules and principles: (1)(A) Except as provided in paragraphs (2) and (3), it shall not be in order to consider any bill, joint resolution, amendment, or conference report if the provisions of such measure affecting direct spending and revenues have the net effect of increasing the on-budget deficit or reducing the on-budget surplus for the period comprising either-- (i) the current year, the budget year, and the four years following that budget year; or [[Page H7869]] (ii) the current year, the budget year, and the nine years following that budget year. (B) The effect of such measure on the deficit or surplus shall be determined on the basis of estimates made by the Committee on the Budget. (C) For the purpose of this section, the terms ``budget year'', ``current year'', and ``direct spending'' have the meanings specified in section 250 of the Balanced Budget and Emergency Deficit Control Act of 1985, except that the term ``direct spending'' shall also include provisions in appropriation Acts that make outyear modifications to substantive law as described in section 3(4)(C) of the Statutory Pay-As-You-Go Act of 2010. (2) If a bill, joint resolution, or amendment is considered pursuant to a special order of the House directing the Clerk to add as a new matter at the end of such measure the provisions of a separate measure as passed by the House, the provisions of such separate measure as passed by the House shall be included in the evaluation under paragraph (1) of the bill, joint resolution, or amendment. (3)(A) Except as provided in subparagraph (B), the evaluation under paragraph (1) shall exclude a provision expressly designated as an emergency for purposes of pay-as- you-go principles in the case of a point of order under this clause against consideration of-- (i) bill or joint resolution; (ii) an amendment made in order as original text by a special order of business; (iii) a conference report; or (iv) an amendment between the Houses. (B) In the case of an amendment (other than one specified in subparagraph (A)) to a bill or joint resolution, the evaluation under paragraph (1) shall give no cognizance to any designation of emergency. (C) If a bill, a joint resolution, an amendment made in order as original text by a special order of business, a conference report, or an amendment between the Houses includes a provision expressly designated as an emergency for purposes of pay-as-you-go principles, the Chair shall put the question of consideration with respect thereto. SEC. 308. EXERCISE OF RULEMAKING POWERS. The House adopts the provisions of this title-- (1) as an exercise of the rulemaking power of the House of Representatives and as such they shall be considered as part of the rules of the House, and these rules shall supersede other rules only to the extent that they are inconsistent with other such rules; and (2) with full recognition of the constitutional right of the House of Representatives to change those rules at any time, in the same manner, and to the same extent as in the case of any other rule of the House of Representatives. TITLE IV--POLICY STATEMENTS SEC. 401. POLICY OF THE HOUSE ON AFFORDABLE HEALTH CARE COVERAGE FOR WORKING FAMILIES. (a) Findings.--The House finds the following: (1) Making health care coverage affordable and accessible for all American families will improve their health and financial security, which will make the economy stronger. (2) Medicaid is the Nation's largest health insurance ***program***, providing quality, comprehensive, and affordable coverage to more than 70 million vulnerable Americans, including more than one in three children. (3) Millions of low-income seniors and people with disabilities rely on Medicaid to pay for nursing home care and home- and community-based services that provide help with activities of daily living. (4) Medicaid coverage provides financial stability to families struggling to escape poverty and to parents of children with disabilities and special health care needs. (5) The existing financing structure of Medicaid ensures that Federal contributions keep pace with costs and enables States to respond to changing needs, such as increased enrollment in coverage during economic downturns or an aging population that requires extensive long-term care services. (6) Under the Affordable Care Act, 31 States and the District of Columbia have expanded Medicaid eligibility to low-income adults, including working parents who do not receive coverage through their employers. (7) Roughly 20 million previously uninsured people have gained health care coverage under the Affordable Care Act, reducing the Nation's uninsured rate for working-age adults to one of the lowest levels on record. (8) The law provides premium tax credits that vary by income and the local cost of coverage and cost-sharing assistance to help low- and middle-income families afford quality insurance and pay their out-of-pocket costs. (9) The law prohibits insurers from denying coverage or charging higher premiums based on pre-existing conditions, requires coverage of essential health benefits like maternity care and prescription drugs, limits out-of-pocket costs, and prohibits lifetime and annual limits on coverage. (10) The law put in place significant cost-saving reforms to Federal health ***programs*** that have played a part in slowing the rate of healthcare spending growth in recent years, with 2011, 2012, and 2013 experiencing the slowest growth rates in real per capita national health expenditures on record. (11) On May 4, 2017, the House of Representatives passed H.R.1628, the American Health Care Act of 2017, legislation that would repeal provisions of the Affordable Care Act, make deep cuts in Medicaid, and-- (A) result in 23 million Americans losing health insurance in 2026, including 14 million people losing Medicaid; (B) dramatically increase costs for older adults, low- income families, and people with pre-existing conditions; (C) reduce Medicaid spending by $834 billion over ten years; (D) jeopardize care for seniors in nursing homes, children with disabilities, and families receiving Medicaid benefits as States look to reduce coverage and services; (E) severely undermine access to substance abuse treatment during the nationwide opioid epidemic; (F) shorten the life of the Medicare Hospital Insurance Trust Fund; and (G) provide nearly $1 trillion in tax cuts that mostly benefit millionaires, billionaires, and wealthy corporations. (b) Policy.--It is the policy of the House that-- (1) Congress should build upon the progress of the Affordable Care Act to make health care coverage more affordable and accessible to all American families, and reject any measures to repeal or undermine the law; (2) the Administration and Congress should fully implement, enforce, and fund the Affordable Care Act, and stop any efforts to sabotage the health insurance marketplaces; and (3) Congress should preserve Medicaid and not dismantle it by converting Medicaid into a block grant, per capita cap, or other financing arrangement that would limit Federal contributions and render the ***program*** incapable of responding to increased need that may result from trends in demographics or health care costs or from economic conditions. SEC. 402. POLICY OF THE HOUSE ON TAX REFORM THAT PROVIDES SUPPORT AND RELIEF TO HARDWORKING AMERICAN FAMILIES. (a) Findings.--The House finds the following: (1) Tax ***plans*** from House Republicans and President Trump prioritize tax cuts for millionaires, billionaires, and wealthy corporations, while shifting more of the burden onto everyone else. Their ***plans*** fail to close special interest loopholes in the tax code, and even add trillions of dollars of new loopholes for the wealthy. These ***plans*** reflect the failed theory of ``trickle-down'' economics, which creates few jobs and instead leads to massive deficits. A return to these policies would-- (A) fail to create good paying middle-class jobs; (B) do nothing to help low-income or middle-class households with the rising costs of health care, education, housing, child care, or retirement; and (C) widen the income gap between millionaires and billionaires and the middle class. (2) Americans today are working harder than ever, but continue to struggle to find good jobs, get ahead, and stay ahead. This is part of a four-decade trend of stagnant wages for middle-class and low-income households, even as millionaires and billionaires become richer and corporations reap massive profits. (3) The Obama Administration ended with 83 consecutive months of private-sector job growth, but challenges still remain to create more good-paying jobs and broadly shared prosperity. The number of long-term unemployed remains elevated, and unemployment for people of color continues to be higher than the rest of the population. Many areas remain in need of well-paying jobs. (4) By almost any metric, the middle class has seen little to no improvements in their incomes. Real median household income in 2013 was only $7,000 higher than it was in 1979. Median weekly real earnings for workers increased less than 1 percent from 1979 to 2014. Poorer workers have done even worse. For workers in the lower half of the income scale, real annual wages from 1979 to 2014 grew only $76. And the entire lower 50 percent of the United States population holds a mere 1 percent of total national wealth. (5) All the while, millionaires and billionaires have seen their incomes and wealth skyrocket. Incomes for the top one percent of households grew five times as fast as for middle- income workers, and now average over $1 million a year. CEOs make nearly 300 times what the typical worker does. Ten percent of the population owns 76 percent of the Nation's total wealth, and the average net assets of the top one percent now exceed $10 million per person. (6) The top one percent of households receives a disproportionate share--17 percent--of the benefit of major tax expenditures. This uneven distribution of major tax expenditures has exacerbated income and wealth inequality. The tax code treats income from wealth more favorably than income from work by giving preferential tax rates on unearned income, and it contains numerous, wasteful tax breaks for special interests. (b) Policy.--It is the policy of the House to responsibly reform the tax code to provide support and relief to low- and middle-income families, create good-paying jobs, and drive broadly-shared prosperity, while closing special-interest loopholes and making sure the wealthiest Americans pay their fair share. SEC. 403. POLICY OF THE HOUSE ON DEFENSE AND NONDEFENSE FUNDING INCREASES. (a) Findings.--The House finds the following: [[Page H7870]] (1) The current spending limits set by the Budget Control Act of 2011 are too low, for both defense and nondefense funding. Defense and nondefense investments must be at appropriate levels to protect both national security and economic security. The nondefense discretionary spending limit for 2018 is $2 billion less than it was in 2016, in nominal terms, representing a significant cut to purchasing power. If the inflation rate is what the Congressional Budget Office projects, the 2018 cap represents a reduction of nearly $30 billion compared with 2016. Defense spending faces similar reductions. (2) The Budget Control Act of 2011 is based on parity for defense and nondefense spending, setting up separate caps for both and instituting a ``firewall'' to prevent reductions in one category because of increases in the other. (3) Bipartisan agreement has provided a solution to the austerity-level caps before, and can be used again to change these arbitrary spending caps to prevent the harsh impact of massive, irresponsible cuts to important Federal ***programs***. (4) Congress must begin discussions and negotiations immediately, to raise the caps to appropriate levels, and maintain parity between defense and nondefense. (b) Policy on Defense and Nondefense Funding Increases.--It is the policy of the House that Congress should enact increases to the current defense and nondefense spending limits, in equal amounts, without using reductions in one category to pay for increases in the other. SEC. 404. POLICY OF THE HOUSE ON IMMIGRATION REFORM. (a) Findings.--The House finds the following: (1) Fixing the country's broken immigration system will mean safer communities, a stronger economy and lower budget deficits. (2) The Congressional Budget Office estimated that enacting the Border Security, Economic Opportunity, and Immigration Modernization Act, as introduced by House Democrats in the 113th Congress, would have reduced the deficit by $900 billion over the next 2 decades, boosting the economy by 5.4 percent, and increasing productivity by 1.0 percent. (3) The Social Security Actuary estimated that immigration reform will reduce the Social Security shortfall by 8 percent and will extend the life of the Social Security Trust Fund by 2 years. (4) The United States is a Nation founded, built and sustained by immigrants, and the Congress has a responsibility to harness the power of that tradition by implementing an effective and fair immigration policy. (5) The current immigration system is broken because it keeps families of legal immigrants and United States citizens separated for decades, it allows for the exploitation of undocumented workers to the detriment of all workers, it does not meet the needs of our economy and discourages legal immigration, and it keeps millions of hard-working, law- abiding families who have lived in our communities for decades hiding in the shadows, including many thousands who came to the United States as infants or young children. (6) Overly aggressive immigration enforcement that focuses on individuals with deep ties to the United States hurts State and local law enforcement efforts to establish and maintain trust with immigrant communities. The number of Latinos reporting crimes in big cities across the country is lower than past years, particularly among domestic violence and sexual assault victims. (7) The vast majority of individuals in U.S Immigration and Customs Enforcement (ICE) custody have not been convicted of a serious crime. ICE's own statistics demonstrate that arrests of people with no criminal record increased 157 percent in the first 100 days of the Trump Administration, and only 6.5 percent of those arrested were convicted of violent crimes. (8) The number of detained asylum seekers continues to rise dramatically and detaining asylum seekers, other vulnerable populations, and those who do not pose risks to public safety is unnecessary and wasteful. (9) Increasing the use of alternatives to detention rather than expanding immigration detention would be more humane and cost-effective. (10) It has been nearly four years since the Senate passed, on a bipartisan basis, its comprehensive immigration reform bill. (11) Immigration reform is needed to secure the sovereignty of the United States of America and to establish a coherent and just system for integrating those who seek to join American society. (12) A successful immigration system cannot rely on border security alone. The country needs a system that promotes the reunification of families, protects workers and is responsive to the needs of employers, and implements an inclusive legalization ***program*** for those who are currently here. (b) Policy.--It is the policy of the House that Congress enact comprehensive immigration reform - such as the Border Security, Economic Opportunity, and Immigration Modernization Act, introduced by House Democrats in the 113th Congress - to boost our economy, lower deficits, establish clear and just rules for citizenship, and make our communities safer. SEC. 405. POLICY OF THE HOUSE ON SOCIAL SECURITY. (a) Findings.--The House finds the following: (1) Most of the 61 million Americans who currently receive earned Social Security benefits rely on these benefits for the majority of their income, with nearly a quarter of them relying on Social Security for at least 90 percent of their income. (2) In the past, Social Security benefits were part of a 3- legged stool where retirees relied on a combination of Social Security, a private pension, and personal savings to finance retirement. (3) Social Security benefits will be more important to future retirees as few workers will receive traditional pensions, and many workers cannot afford to adequately fund their retirement through employer-sponsored savings ***plans*** or IRAs. (4) Social Security's Disability Insurance (DI) and Old Age and Survivors Insurance (OASI) systems are intertwined both in their benefit structure and in their revenues - DI recipients who reach retirement age receive OASI benefits and beneficiaries in each category have helped finance the other category even if they will never receive those benefits. (5) Social Security benefits are already being cut as Social Security's normal retirement age is increasing from 66 years for workers retiring now to 67 years for those born in 1960 and later. This cut disproportionately impacts low- earners because life expectancy continues to increase among higher-earners but not low-earners. Thus, high-earners will generally receive benefits for a longer time than low- earners. (b) Policy.--It is the policy of the House that the House of Representatives will not adopt changes to Social Security that involve reductions in earned Social Security benefits. SEC. 406. POLICY OF THE HOUSE ON PROTECTING THE MEDICARE GUARANTEE FOR SENIORS AND PERSONS WITH DISABILITIES. (a) Findings.--The House finds the following: (1) Senior citizens and persons with disabilities highly value the Medicare ***program*** and rely on Medicare to guarantee their health and financial security. (2) In 2018, 60,000,000 people will rely on Medicare for coverage of hospital stays, physician visits, prescription drugs, and other necessary medical goods and services. (3) The Medicare ***program*** has lower administrative costs than private insurance, and Medicare costs per enrollee have grown at a slower rate than private insurance for a given level of benefits. (4) People with Medicare already have the ability to choose a private insurance ***plan*** within Medicare through the Medicare Advantage option, yet two-thirds of Medicare beneficiaries chose the traditional fee-for-service ***program*** instead of a private ***plan*** in 2016. (5) Rising health care costs are not unique to Medicare or other Federal health ***programs***, they are endemic to the entire health care system. (6) Converting Medicare into a voucher for the purchase of health insurance will merely force seniors and individuals with disabilities to pay much higher premiums if they want to use their voucher to purchase traditional Medicare coverage. (7) A voucher system in which the voucher payment fails to keep pace with growth in health costs would expose seniors and persons with disabilities on fixed incomes to unacceptable financial risks. (8) Shifting more health care costs onto Medicare beneficiaries would not reduce overall health care costs, instead it would mean beneficiaries would face higher premiums, eroding coverage, or both. (9) Versions of voucher policies that do not immediately end the traditional Medicare ***program*** will merely set it up for a death spiral as private ***plans*** siphon off healthier and less expensive beneficiaries, leaving the sickest beneficiaries in a ***program*** that will wither away. (b) Policy.--It is the policy of the House that the Medicare guarantee for seniors and persons with disabilities should be preserved and strengthened, and that any legislation to end the Medicare guarantee, financially penalize people for choosing traditional Medicare, or shift rising health care costs onto seniors by replacing Medicare with vouchers or premium support for the purchase of health insurance, should be rejected. SEC. 407. POLICY OF THE HOUSE ON FINANCIAL STABILITY AND CONSUMER PROTECTION. (a) Findings.--The House finds the following: (1) The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 is an important component of the country's response to the financial crisis and recession. It took a number of steps to protect consumers of financial products and services as well as protect taxpayers from the costs of another financial crisis. (2) These steps included the creation of an orderly liquidation process to allow regulators to close failing institutions that some argue are ``too big to fail,'' as well as a new Financial Stability Oversight Council (FSOC), an Office of Financial Research to monitor the stability of our financial system, and the Consumer Financial Protection Bureau (the Consumer Bureau). (3) The Consumer Bureau plays a critical role in protecting older Americans, military service members, student loan borrowers, and other consumers, especially in minority and low-income communities. It has implemented new rules for mortgage markets and prepaid cards, and also successfully recovered nearly $12 billion on behalf of more than 29 million consumers and service members. [[Page H7871]] (4) The Consumer Bureau's funding from the Federal Reserve's operations help give it important independence from efforts to interfere with its vital mission and activities, independence on par with every other banking regulator. (5) The Consumer Bureau has already faced and overcome efforts to obstruct its operations. (b) Policy.--It is the policy of the House that Congress should continue to support the vital work of the Consumer Financial Protection Bureau as well as its governing and financing structures and other key components of the Dodd- Frank legislation such as orderly liquidation authority, FSOC, and the Office of Financial Research. SEC. 408. POLICY OF THE HOUSE ON WOMEN'S ECONOMIC EMPOWERMENT. (a) Findings.--The House finds the following: (1) Women's contributions are critical to the economic success of hard-working families. (2) Not only do women play a key role in maintaining healthy families, they also have unique health care needs and face issues that require special focus. (3) Every hard-working American deserves to feel safe and supported during retirement. Yet women are more likely to face financial risk during retirement because of their lower lifetime earnings and disproportionate role as family caregivers. (b) Policy.--It is the policy of the House that Congress should economically empower women and protect their health and safety. Congress must enact policies that would accomplish the following: (1) Help families attain better jobs, fight pay inequity, raise the minimum wage, and enable women entrepreneurs and small businesses to achieve their goals. (2) Give American families control of their own lives, and help them balance the demands of work and family. These policies include paid and expanded family and medical leave, paid sick days, and quality, affordable child care. (3) Strengthen the retirement security of women and their families by protecting Social Security, Medicare and Medicaid. (4) Support caregivers, many of whom sacrifice their own careers to provide for family members. (5) Maintain health insurance protections for women, increase funding for the prevention and treatment of women's health issues such as breast cancer and heart disease, and support access to full reproductive care. (6) Prevent and protect women from domestic violence and sexual abuse. SEC. 409. POLICY OF THE HOUSE ON NATIONAL SECURITY. (a) Findings.--The House finds the following: (1) The country faces many national security challenges and we must continue to support a strong military that is second to none. (2) Those who serve in uniform are our most important security resource and the Administration and Congress shall continue to provide the support they need to successfully carry out the missions the country gives them. (3) A growing economy is the foundation of our security and enables the country to provide the resources for a strong military, sound homeland security agencies, and effective diplomacy and international development. (4) Austerity-level spending caps threaten adequate investment in activities critical to our economy and national security, which include activities funded by both the defense and nondefense portions of the discretionary budget. (5) Diplomacy and foreign aid are essential components of our security and the President's proposal to cut these activities by 32 percent below current levels prompted more than 120 retired admirals and generals who have first-hand knowledge of their effectiveness in securing our Nation to forcefully object. (6) The Nation's projected long-term debt could have serious consequences for our economy and security, and that more efficient military spending has to be part of an overall ***plan*** that effectively deals with this problem. (7) Reining in wasteful spending at the Nation's security agencies, including the Department of Defense--the last department still unable to pass an audit--such as the elimination of duplicative ***programs*** and better controlling delays and cost overruns on weapon systems that have been identified by the Government Accountability Office (GAO) needs to continue as a priority. (8) The Department of Defense should continue to review defense ***plans*** and requirements to ensure that weapons developed to counter Cold War-era threats are not redundant, are affordable, and are applicable to 21st century threats; and such review should include, with the participation of the National Nuclear Security Administration, examination of requirements for, and cost of, the nuclear weapons stockpile, nuclear weapons delivery systems, and nuclear weapons and infrastructure modernization. (9) Nonwar operation and maintenance costs per active-duty service member have grown at a rate well above inflation for decades--from $59,000 per service member in 1980 to $157,000 per service member in 2015 (measured in constant 2017 dollars), and it is imperative that unsustainable cost growth be controlled in this area. (10) Cooperative threat reduction and other nonproliferation ***programs*** (securing ``loose nukes'' and other materials used in weapons of mass destruction), which were highlighted as high priorities by the 9/11 Commission, need to be funded at a level that is commensurate with the evolving threat. (b) Policy.--It is the policy of the House that-- (1) the austerity-level spending caps required by the Budget Control Act of 2011 for fiscal years 2018 through 2021 should be rescinded and replaced by a fiscal ***plan*** that is balanced and takes into account a comprehensive national security strategy that includes careful consideration of international, defense, homeland security, and law enforcement ***programs***; and (2) efficiencies can be achieved in the national defense budget without compromising our security through greater emphasis on eliminating duplicative and wasteful ***programs***, reforming the acquisition process, identifying and constraining unsustainable operating costs, and through careful analysis of our national security needs. SEC. 410. POLICY OF THE HOUSE ON VETERANS AFFAIRS. (a) Findings.--The House finds the following: (1) The Department of Veterans Affairs (VA) continues to face challenges meeting the needs of the next generation of returning veterans, including sufficient funding to provide critical services and benefits. (2) Access to quality health care and veterans' benefits has been an ongoing challenge for the VA, highlighted most recently in the ongoing claims backlog and veterans waiting months for health care appointments. (3) Providing health care where veterans live and ensuring a sufficient number of health care professionals, especially in the area of mental health treatment, have also been challenges. (4) The VA has made progress in reducing the number of initial benefit claims, dropping the claims backlog to less than 94,000 from a peak of 611,000 claims just a few years ago, but that statistic leaves out the many veterans who are still waiting many months or even years to have their appeals decided. (5) The President's budget includes a 6 percent increase over current-year funding but shifts funding away from critical ***programs*** that veterans rely on in favor of expanded funding that pays for certain veterans to get private health care at the expense of care provided at VA hospitals and clinics. (6) The President's budget also cuts funding from other Federal agencies that provide lifesaving ***programs*** and services for veterans, including deep cuts to Medicaid benefits veterans rely on, the elimination of the Interagency Council on Homelessness, steep cuts at the Department of Housing and Urban Development, elimination of the Legal Services Corporation, and severe cuts to entrepreneurship outreach ***programs*** targeted to veterans through the Small Business Administration. (7) The VA currently has advance appropriations for approximately 85 percent of its discretionary budget. The residual 15 percent, which includes funding for the day-to- day operations at the Veterans Benefits Administration, remains vulnerable to a Government shutdown. (b) Policy.--It is the policy of the House that-- (1) Congress should support a funding level no less than the President's request for veterans' discretionary ***programs*** so that the VA has the resources it needs to ensure veterans get the health care and benefits they earned in a timely fashion; (2) Congress should lift the austerity-level funding cap on nondefense ***programs*** for 2018 and beyond to ensure adequate funding for veterans' ***programs***; (3) advance appropriations be expanded to cover all of VA's discretionary budget to prevent delays in veterans' benefits and services during a Government shutdown; (4) the VA submit along with its annual budget a ``Future- Years Veterans ***Program***'' that projects its needs over five years to help facilitate the appropriations and oversight processes; (5) Congress should provide sufficient resources for the VA's Office of the Inspector General to guarantee veterans are properly served and that resources are spent efficiently; (6) no changes be made to the Individual Unemployability benefit to ensure that disabled veterans, many of them severely disabled, who are deemed unable to engage in substantial work as a result of their service to our country, continue to receive the full disability and social security benefits they earned and were promised; and (7) Congress shall provide sufficient funding and staff resources for VA hospitals and clinics, and that any increased funding for private and community care not provided directly by the VA should not come at the expense of necessary resources for VA hospitals and clinics. SEC. 411. POLICY OF THE HOUSE ON DISASTER RESPONSE FUNDING. (a) Findings.--The House find the following: (1) Natural disasters such as hurricanes Harvey, Irma, and Maria require swift congressional action to help storm survivors get their lives back on track, rebuild disaster- stricken communities, and prevent further damage to the economy. (2) The Budget Control Act of 2001 provides procedural tools specifically to respond to [[Page H7872]] natural disasters, by allowing adjustments to the spending caps for disaster and emergency spending. (3) Mitigation and prevention is an important part of disaster recovery and response, providing investments that make future disasters less costly in terms of both dollars and lives. (b) Policy on Funding for Disaster Response and Recovery.-- It is the policy of the House that Congress should act swiftly to assist with recovery from hurricanes and other natural disasters. Such funding should be provided using the budgetary provisions in place for this purpose: providing adjustments to the spending caps for disaster and emergency response, recovery, and mitigation. Congress must also support efforts to address future disaster damage and loss, by appropriately funding mitigation and prevention efforts. SEC. 412. POLICY OF THE HOUSE ON THE FEDERAL WORKFORCE. (a) Findings.--The House finds the following: (1) The Federal workforce provides vital services to our Nation on a daily basis. It includes those who patrol and secure our borders, protect us from terrorists, take care of our veterans, help run our airports, counter cyber-attacks, find cures for deadly diseases, and keep our food supply safe. (2) Veterans make up 31 percent of the Federal workforce. (3) Many Federal workers are paid at a rate that is far below their private sector counterparts. (4) The Federal workforce is older than in past decades and older than the private sector workforce. Nearly one third of the Federal workforce is eligible to retire. (5) Federal employee pay and benefits are not the cause of the country's deficits and debt. The Federal workforce has already contributed more than $180 billion toward reducing the country's deficits in the form of pay freezes, pay raises insufficient to keep pace with inflation, furloughs, and increased retirement contributions. The President's budget for 2018 continues to unfairly target the Federal workforce by proposing an additional $149 billion in compensation and retirement benefit cuts. (6) Since 1975, the Federal workforce has declined 35 percent relative to the size of the population of the United States. (7) Nearly all of the increase in the Federal civilian workforce from 2001 to 2016 is due to increases at security- related agencies, including the Department of Defense, Department of Homeland Security, and Department of Veterans Affairs. (8) Proposals to reduce the size of the workforce at nonsecurity agencies by 10 percent have excluded an assessment of their impact on government services. (b) Policy.--It is the policy of the House that Congress should not target Federal employees to achieve further reductions in the deficit as they have already contributed more than their fair share, that Federal workers should be compensated with pay and benefits at a level that enables the government to attract high quality people--which is especially important during this period when more workers will be retiring--and that no proposal to reduce the size of the workforce should be considered without an assessment of its impact on government services. SEC. 413. POLICY OF THE HOUSE ON CLIMATE CHANGE SCIENCE. (a) Findings.--The House finds the following: (1) Global climate change is a threat to national security, public health, and economic growth. (2) The United Nations' Intergovernmental Panel on Climate Change concluded that the effects of climate change are occurring worldwide, stating: ``The impacts of climate change have already been felt in recent decades on all continents and across the oceans''. (3) The United States Government Accountability Office described climate change as, ``a complex, crosscutting issue that poses risks to many environmental and economic systems-- including ***agriculture***, infrastructure, ecosystems, and human health--and presents a significant financial risk to the Federal Government''. (4) In March 2017, Secretary of Defense James Mattis, in written testimony to the Senate Armed Services Committee, stated that ``climate change can be a driver of instability and the Department of Defense must pay attention to potential adverse impacts generated by this phenomenon''. (5) The National Aeronautics and Space Administration and National Oceanic and Atmospheric Administration reported that 2016 was the warmest year on record, setting a new record for global average surface temperatures for the third year in a row. Furthermore, 16 of the 17 warmest years on record have occurred since 2001. (6) The United States National Research Council's National Climate Assessment and Development Advisory Committee found climate change affects ``human health, water supply, ***agriculture***, transportation, energy, coastal areas, and many other sectors of society, with increasingly adverse impacts on the American economy and quality of life''. (7) The most vulnerable among us, including children, the elderly, low-income individuals, and those with underlying health conditions, face even greater health risks as a result of climate change. (b) Policy.--It is the policy of the House that climate change presents a significant public health, environmental, and financial risk to the United States. The United States must continue to play a leadership role on climate change policy and should not retreat from global commitments on climate change. Congress must provide robust funding for climate change science, which provides critical information for protecting human health, defending the United States, and preserving economic and environmental systems throughout the world. SEC. 414. POLICY OF THE HOUSE ON INCREASED EFFICIENCY AND ELIMINATING WASTE. (a) Findings.--The House finds the following: (1) The Government Accountability Office (``GAO'') identifies examples of waste, duplication, and overlap in Federal ***programs***, and makes regular recommendations regarding ways to reduce costs and increase revenue. (2) The Comptroller General has stated that addressing the identified waste, duplication, and overlap in Federal ***programs*** ``could lead to tens of billions of dollars of additional savings, with significant opportunities for improved efficiencies, cost savings, or revenue enhancements in the areas of defense, information technology, education and training, health care, energy, and tax enforcement.'' (3) The tax gap, the difference between taxes owed and taxes paid, now averages $458 billion annually. Even modest improvements in enforcing existing law could yield a boost in revenue without any changes to the tax code. (4) Tax expenditures, or spending through the tax code, total $1.5 trillion per year and represent the largest category of spending in the budget -- exceeding Medicare, Medicaid, and Social Security. However, unlike other types of spending, tax expenditures are not reviewed in any systematic way in the annual budget process. (5) Improper payments, payments that should not have been made or that were made in an incorrect amount, totaled $144 billion for 2016. While some improper payments are the result of fraud, the vast majority are due to unintentional errors, such as payments to eligible beneficiaries that were not properly verified, or overpayments or underpayments because of a data entry mistake. (6) Shutting down the government, arbitrarily cutting agency budgets, and funding large portions of the government through stop-gap appropriations do not lead to efficient and effective government. (b) Policy.--It is the policy of the House that Congress must continue to root out wasteful spending, make government operations more efficient, pass appropriations bills on time, and avoid costly government shutdowns. Congress must task agencies with shrinking the error rate in government ***programs*** and provide adequate budgetary resources for agencies to develop new processes, review expenditures, and improve information technology systems. SEC. 415. POLICY OF THE HOUSE ON THE INVESTIGATION OF RUSSIAN INTERFERENCE IN THE 2016 U.S PRESIDENTIAL ELECTION. (a) Findings.--The House finds the following: (1) Free and fair elections are the cornerstone of our democracy, and foreign interference in them undermines the public trust and casts doubt on the legitimacy of our government. (2) The country's intelligence agencies all agree that Russia launched a campaign to undermine the 2016 U.S presidential election, which included cyber-attacks, dissemination of false information, and other intelligence operations to malign Secretary Hillary Clinton and increase the odds of a Donald Trump presidency. (3) Members of the Trump campaign had repeated contact with Russian government officials and oligarchs and then failed to report this contact in testimony to Congress and in security clearance applications. One such meeting reportedly included a request for a back-channel line of communications with the Russian government using Russian facilities, which would preclude U.S Government oversight. Another involved a Kremlin-linked Russian lawyer and a former Soviet counterintelligence officer under the assumption that they would provide politically damaging information about Secretary Hillary Clinton as part of the Russian government's effort to support the Trump campaign. (4) Under the direction of Federal Bureau of Investigation Director James Comey, the FBI was investigating whether members of President Trump's campaign colluded with Russia to influence the election. (5) On May 9, 2017, President Trump fired FBI Director Comey and then made statements suggesting his dismissal was to stop the investigation of collusion. (6) On May 17, 2017, the Department of Justice announced the appointment of former FBI Director Robert S. Mueller III to serve as Special Counsel to investigate Russian interference into the 2016 presidential election and any coordination between the Russian government and individuals associated with the Trump campaign. (b) Policy on the Investigation of Russian Interference in the 2016 U.S Presidential Election.--It is the policy of this concurrent resolution that to restore confidence in our government and to preserve the sanctity of our electoral process, Congress must ensure adequate funding for the [[Page H7873]] Special Counsel appointed by the Department of Justice so that he can perform a thorough and nonpartisan investigation of Russia's campaign to affect the 2016 U.S presidential election and any individuals in the United States that may have colluded in those efforts. The Acting CHAIR. Pursuant to House Resolution 553, the gentleman from Kentucky (Mr. Yarmuth) and a Member opposed each will control 15 minutes. The Chair recognizes the gentleman from Kentucky. Mr. YARMUTH. Mr. Chairman, I yield myself such time as I may consume. Mr. Chairman, Democrats and Republicans are looking at the same challenges facing our country and American families. Education, healthcare, and housing costs have all increased while wages stay stagnant. It used to be that the two parties would debate different strategies to address the problems facing the American people. Sadly, those times are behind us. In giving millionaires, including the majority of this Congress, the President, and wealthy donors a giant tax cut, the Republican budget does not even pretend to address the problems facing the American people. Not only does it ignore working families, it increases their challenges. The Democratic budget alternative, in stark contrast to the Republican budget, begins to address the real challenges our country faces now and in the long term. {time} 1015 We are less than a decade removed from the worst economic crisis in most of our lifetimes, and we have a chance to rebound in a way that builds a foundation for our country to thrive for generations, but we have to seize that opportunity. Rather than giving resources to people and businesses that already have them, we are calling for targeted investments in ***programs*** that grow our economy, create good-paying jobs, and provide real support for working families and real security in retirement. Rather than sending thank-you notes to the corporations that bankroll campaigns, we have an opportunity to make vital public investments that lead to a brighter future rebuilding roads, bridges, and other critical infrastructure, all of which lead to good jobs now and in the long run. Rather than giving the President a multimillion-dollar refund on taxes he refuses to disclose, we can invest in retirement security for seniors who didn't inherit millions. We can invest in affordable education so young people do not have to grow up wealthy to have a shot at earning it in their future careers. Instead of taking healthcare away from people, straining emergency rooms, and making Americans sicker, we have an opportunity to continue investing in affordable quality healthcare for all of us, finally eliminating a great burden on American families, a burden that no other developed nation shares. This budget is an opportunity for our country to invest in our future, and if we adopt the Republican budget ***plan***, we will have squandered it. Democrats believe in a government that prioritizes American families, and they should be the priorities of this Congress. I, therefore, urge my colleagues to oppose the Republican budget and support the Democratic alternative. Mr. Chair, I reserve the balance of my time. Mrs. BLACK. Mr. Chair, I claim the time in opposition to the amendment. The Acting CHAIR. The gentlewoman from Tennessee is recognized for 15 minutes. Mrs. BLACK. Mr. Chair, I yield myself such time as I may consume. Mr. Chair, I rise in opposition to this budget substitute, which is, put simply, an abdication of our fiscal responsibility as a governing body. Our country is $20 trillion in debt, with $9 trillion added to the national debt during the Obama years. We have the responsibility to our children and our grandchildren to stop this Congress' addiction to spending. It is a responsibility that I take seriously; it is a responsibility that the members of my committee take seriously; and it is a responsibility that Republicans in the House take seriously. Clearly, it is not a responsibility that our friends across the aisle take seriously. Our budget works to end the addiction to spending that has dominated Washington for far too long. The House budget, passed out of committee with unanimous Republican support in July, begins to address our spending addiction by balancing the budget over 10 years so that we can start paying down our national debt, and it addresses mandatory spending in a significant way for the first time since 1997. This budget substitute does quite the opposite. The Democrats' budget raises taxes by $2.7 trillion, which would be the largest tax increase in U.S history. It increases spending by $6.2 trillion, compared to the budget passed by my committee. It never balances, with a deficit in 2027 of $852 billion. What we hear from the other side of the aisle and what we see in this budget is simply more of same: more spending, more tax increases, and more debt. I don't think that is acceptable, and neither do the American people. Since we began this budget debate yesterday, my counterparts on the other side of the aisle have been throwing out misleading numbers about our budget and our tax reform effort in order to hide the fact that they offer no new solutions to the most pressing problems our country faces. Here is a number that they should keep in mind while they discuss this fiscally irresponsible substitute. The national debt for every person is over $63,000. Every man, woman, and even child in our country has a $63,000 weight hanging over their heads. Our budget takes real steps to fix this crisis. This budget substitute does not. Honestly, it is as simple as that. Mr. Chair, I urge my colleagues to reject this Democrat substitute, and I reserve the balance of my time. Mr. YARMUTH. Mr. Chair, I yield 2 minutes to the gentleman from New York (Mr. Jeffries), a distinguished member of the Budget Committee. Mr. JEFFRIES. Mr. Chair, once again, House Republicans are determined to visit cruel and unusual punishment on the American people by presenting a budget that is reckless, regressive, and reprehensible. It is a budget that will hurt working families, middle class folks, senior citizens, the poor, the sick, the afflicted, veterans, and rural America. It is a budget that will eradicate the social safety net, end Medicare as we know it, rip away health insurance from 23 million Americans, and impose billions and billions of dollars in life-altering debt on younger Americans. It is outrageous that this is all being done to enact tax cuts for the wealthy and the well-off, tax cuts for the privileged few, tax cuts for special interests here in Washington, D.C This parade of horribles is being jammed down the throats of this country so that everyday Americans can subsidize the lifestyles of the rich and shameless. We deserve better. The Democratic budget will invest in transportation and infrastructure, invest in education and job training, invest in the social safety net, invest in research and development, invest in affordable housing, and invest in the wellbeing of everyday Americans. The Republican budget is a raw deal. The Democratic budget is a better deal, focused on better jobs, better wages, and a better future. It is worthy of our support. The Acting CHAIR. The Committee will rise informally. The Speaker pro tempore (Mrs. Handel) assumed the chair.

**Load-Date:** October 9, 2017

**End of Document**



[***Register of Commission documents: RAP East2017-part 1-SUM EN: Commission Implementing Decision on the Neighbourhood East Regional Action Programme 2017 Part I (including 1 action on budget 2018 and 2019), to be financed from the general budget of the European Union Document date: 2017-09-26 COM-AC\_DR(2017)D053173-01(ANN03) Comitology - Right of scrutiny***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R13-MHW1-JDG9-Y0JD-00000-00&context=1516831)

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**Body**

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Annex 2

of the Commission Implementing Decision on the ENI East Regional Action ***Programme*** 2017 Part I

Action Document'Supporting firm competitiveness and business environment reformsin the Eastern Partnership: an EU4Business initiative'

|  |
| --- |
| Information for Potential Grant Applicants Work ***Programme*** for Grants This document constitutes the work ***programme*** for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012) in section 5.3.1 concerning grants awarded directly without a call for proposals. |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 1. Title/basic act/ CRIS number | Supporting firm competitiveness and business environment reforms in the Eastern Partnership: anEU4Business initiative CRIS number: ENI/2017/040-510 financed under European Neighbourhood Instrument |  |  |  |
|  | 2. Zone benefiting from the action/location | EU Eastern Partnership region, Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine The action shall be carried out at the following location: Eastern Partnership countries and EU Member States |  |  |  |
|  | 3. ***Programming*** document | ENI Multiannual indicative ***programme*** 2017-2020 |  |  |  |
|  | 4. Sector of concentration/ thematic area | Private sector and economic development |  |  |  |
|  | 5. Amounts concerned | Total estimated cost: EUR 4 400 000 Total amount of EU budget contribution: EUR 4 000 000 This action is co-financed in joint co-financing by the OECD for EUR 400 000 |  |  |  |
|  | 6. Aid modality(ies) and implementation modality(ies) | Project Modality Direct management ?grants ? direct award |  |  |  |
|  | 7. DAC code(s) | 32130-Small and medium-sized enterprises (SME) development |  |  |  |
| 8. Markers (from CRIS DAC form) | General policy objective | Not targeted | Significant objective | Main objective |  |
| Participation development/good governance |  | X |  |  |  |
| Aid to environment | X |  |  |  |  |
| Gender equality (including Women In Development) |  | X |  |  |  |
| Trade Development |  |  | X |  |  |
| Reproductive, Maternal, New born and child health | X |  |  |  |  |
| RIO Convention markers | Not targeted | Significant objective | Main objective |  |  |
| Biological diversity | X |  |  |  |  |
| Combat desertification | X |  |  |  |  |
| Climate change mitigation | X |  |  |  |  |
| Climate change adaptation | X |  |  |  |  |
|  | 9. Global Public Goods and Challenges (GPGC) thematic flagships | NA |  |  |  |
|  |  |  |  |  |  |

Summary

The Action entails a multi-country project to support firm competitiveness and business environment development in Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.

It aims at improving in particular the design, implementation, monitoring and evaluation of Small and medium-sized enterprises (SMEs) policies and action ***plans*** in the Eastern Partnership countries, while strengthening relevant institutions and government bodies in ensure inter-ministerial coordination on relevant policies, assisting them in the organisation of public private consultations, promoting evidence based policy making via the use of business statistics and in helping them to design and monitor national SME assistance ***programmes***.

The assistance will be provided based on the findings of the 2016 Small Business Act  assessment 'SME Policy Index – Eastern Partner Countries 2016 (OECD, EU, EBRD, ETF)' focussing in particular on the weakest areas of performance for each country. The SME Policy Index is a benchmarking tool designed for emerging economies to assess SME policy frameworks and monitor progress in policy implementation over time. For the Eastern Partner Countries, the assessment framework is structured around the ten principles of the Small Business Act for Europe (SBA), providing a wide-range of pro-enterprise measures to guide the design and implementation of SME policies based on good practices promoted by the EU and the OECD.

The project is structured around two pillars:

(a) a country-level pillar to provide tailored support in the design, monitoring and upgrading of strategies and ***programmes*** to support firm competitiveness, evidence based policy making and wider business environment reform;

(b) a regional pillar to support regional policy dialogue notably via the annual OECD Eurasia week and benchmark policy performance across the region through a new SBA assessment cycle (2018-2019). In parallel, the OECD will carry out a study on the relationship between SME policies and firm performance to assess trends in SME performance in the EaP over time and to draw correlations between the changes in SME Policy Index scores with the changes in performance variables, which would also allow to control for country-specific factors.

* Context

1.1 Sectorcontext: Economic challenges in the EaP region

In 2009, the EU and its six Eastern partners (Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine) launched the Eastern Partnership (EaP), based on a commitment to fundamental values such as a market economy, sustainable development and good governance. Since 2009, the EU policy context towards its neighbourhood also evolved. Launched in 2004, the European Neighbourhood Policy (ENP) was designed to foster stability, security and prosperity in the countries closest to the EU borders. At the 2015 review, the EU emphasized differentiationamong the countries, in accordance with their ambitions in the relationship with the European Union. It also calls for prioritisation and for a more focused approach in order to deliver tangible and noticeable results to the citizens, as reflected in the2015 EaP Summit in Riga which prioritized the strengthening of institutions, mobility, market opportunities and interconnections as well as in the Joint Staff Working document 'Eastern Partnership – focusing on key priorities and deliverables' which identifies a list of 20 deliverables for 2020. This Action addresses deliverables under Priority 1: Economic development and Market Opportunities. More specifically, it will contribute to improve EaP countries business climate, notably on the 10 dimensions of the Small Business Act (SBA), by following the recommendations of the 2016 SBA assessment

              Since 2012, when the first assessment of SME policies based on the Small Business Act for Europe was published, the macro-economic situation in the EU Eastern Partnership region has changed significantly. All six EaP countries are struggling with serious economic challenges as a result of lower commodity prices and a slowdown in main trading partners. The result has been significant currency depreciation, rising inflationary pressures, and a credit contraction which has negatively impacted output. While the drivers and impacts vary by country, these developments highlight these countries’ vulnerability to external events and the importance of strengthening economic competitiveness and diversification in the region.

Given this context, bolstering the region’s SMEs is more important than ever. SMEs can facilitate the shift from mass production to a more diverse, demand-driven and market-oriented supply of products, being well-positioned to react quickly to changing market conditions, introduce product and market innovation and challenge inefficient incumbents. With SME development acting as an engine for employment generation and sustained growth, they offer a significant opportunity for economic recovery in the short term and increased resilience over the medium to long term. Yet the potential of SMEs remains largely untapped in the region. Despite making up between 83% and 99% of all firms, they account for only about half of all employment and one-third of value-added. The vast majority of SMEs are subsistence micro-entrepreneurs operating in low-added-value sectors.

SMEs in the EaP region face challenges along a number of dimensions – such as access to finance, skills, innovative capacity, and opportunities for internationalisation. Furthermore, there is a dearth of dynamic and innovative SMEs with high growth potential. Designing and implementing effective policies to fully exploit the potential of SMEs is a crucial step in building more inclusive and resilient economies in the Eastern Partner region

In addition, SMEs are not only key to sustainable economic development, but also an important factor in the consolidation of open societies. A business enabling environment and a large SME sector prevent economies from becoming dominated by few entities and thus impede concentration of power in the hands of oligarchs hindering a country’s development in both economic and political terms. 1.1.1 SME policy development in the EaP region (2012-2016)

A comprehensive assessment of SME-related policies in the Eastern Partner countries was undertaken between November 2014 and June 2015 by the Organisation for Economic Co-operation and Development OECD and its partners (the European Commission, the European Bank for Reconstruction and Development and the European Training Foundation), on the basis of the ten principles of the Small Business Act for Europe (SBA). The assessment was conducted in parallel for all six EaP countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine) and its findings are summarised in the report SME Policy Index: Eastern Partner Countries 2016.

While SME policy was largely non-existent in all six EaP countries in 2012, the SME Policy Index 2016 has identified that EaP countries are increasingly paying attention to the development of comprehensive institutional and policy frameworks for SME development. Two groups of countries can be identified:

* Armenia, Moldova and Georgia. Armenia and Moldova have the main building blocks for an SME policy in place or in progress, including an SME policy implementation agency and a strategy for SME development. Georgia has recently joined this group with the creation of a dedicated agency (Enterprise Georgia) in 2014. A medium-term SME strategy, developed with OECD support in 2015, has been adopted in early 2016. Georgia and Moldova organised participatory processes preceding the adoption of SME strategies, while Armenia’s SME Development Council offers a regular consultation platform.

1. Azerbaijan, Belarus and Ukraine.These countries are starting to develop the institutional framework for SME and their institutional frameworks for public-private dialogue on SME-related issues are less developed.In Azerbaijan for example, the ***Strategic*** Roadmap for National Economy development of Azerbaijan (including chapter on SME's) was adopted in December 2016 The SME Chapter foresees the establishment of the SME Agency.

At the regional level, the SBA assessment identified three key messages that are highly relevant for all EaP countries:

* Horizontal business environment reforms continue to be the area of strongest performance. Most EaP countries have made substantial progress in the design and implementation of business and investment climate reforms benefiting all enterprises regardless of their size, including simplification of business-related legislation, streamlining of technical barriers to trade and upgrading of quality infrastructure, and improvement of the legal and regulatory environment in the financial sector.

1. Governments are paying growing attention to developing institutional frameworks for SME development. There is an overall trend towards the introduction of the basic elements of a ***strategic*** framework for SME support, including developing SME strategies (e.g Georgia and Moldova), improving the definition of SMEs (e.g Ukraine, Azerbaijan) and establishing an SME support agency (e.g Georgia and Azerbaijan).
2. Targeted SME policy tools are required to further support SME growth across the region. Most EaP countries have introduced new ***programmes*** to enhance SME competitiveness, including through support services for SMEs and start-ups (e.g training ***programmes***), specific instruments to encourage SME access to finance (e.g credit guarantee mechanism, start-up finance), entrepreneurial learning and women’s entrepreneurship initiatives (e.g events for female entrepreneurs) and export promotion (e.g export agency).

The table below provides an overview of the current state of play of SME policy institutions in the EaP countries.

Table 1. State of play of SME policy institutions in the EaP countries

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | SME strategy-state of play (ie: in place, to be developed) | SME Action ***plan***/roadmap (yes/no) | SME agency (yes/no, name) | Business and/or Investment council (yes/no, name) | Investment and/or export promotion agency (yes/no, name) | OECD contribution (past / future) |
| Armenia | Strategy for Small and Medium Entrepreneurship Development 2016-2018 available here | Action ***plan*** for 2016 (in Armenian) available here | Small and Medium Entrepreneurship Development National Center (SME DNC) [*www.smednc.am*](http://www.smednc.am) | SME Development Council [*www.bso.am/what-we-do-2/assistance-to-sme-development-council/*](http://www.bso.am/what-we-do-2/assistance-to-sme-development-council/) | Development Foundation of Armenia (National Authority for Investment, Export and Tourism promotion) [*www.dfa.am*](http://www.dfa.am) | Past:  Reform roadmap to support SME competitiveness; SME strategy based on SBA assessment and OECD recommendations   Future: OECD to monitor implementation of reform roadmap to support SME competitiveness; OECD to support Action ***Plan*** 2018-2020, including developing relevant statistics and KPIs to monitor implementation |
| Azerbaijan | State ***Strategic*** Roadmap (including SME chapter) adopted in December 2016 | No, being developed for finalisation in 2017 | SME Agency to be established according to the ***Strategic*** Road Map;   Centre for Economic Reforms monitors the ***Strategic*** Road Map implementation | NO | Agency for Investment and Export promotion (AZPROMO) [*www.azpromo.az*](http://www.azpromo.az) | Past: n/a   Future: OECD to support operationalisation of the SME strategy and Action ***Plan*** 2018-2020 |
| Belarus | No, being developed for finalisation in 2017 (SME Strategy until 2030) | SME Development ***Program*** for 2016-2020(in Russian) available here   Reform roadmap for developing a private market for business development services | NO | Foreign Investment Advisory Council under the Council of Ministers of the Republic of Belarus   No specific SME-related investment councils | National Agency of Investment and Privatization [*www.investinbelarus.by/en*](http://www.investinbelarus.by/en)/ | Past: Reform roadmap for developing a market for business development services   Future: OECD to support finalisation and monitoring of SME strategy and Action ***Plan*** 2018-2020, including pilot ***programme*** dedicated to high-growth SMEs |
| Georgia | SME Development Strategy 2016-2020, approved in May 2016 available here | Action ***Plan*** 2016-2017, approved in May 2016 | Enterprise Development Agency (EDA) [*www.enterprisegeorgia.gov.ge*](http://www.enterprisegeorgia.gov.ge)   Georgia Information and Technology Development Agency (GITA)   [*www.gita.gov.ge*](http://www.gita.gov.ge) | Investors Council | Invest in Georgia [*www.investingeorgia.org/en*](http://www.investingeorgia.org/en)/ | Past: SME Development Strategy and Action ***Plan*** developed with OECD support   Future: OECD to support monitoring implementation of SME strategy, development of Action ***Plan*** 2018-2020 andadvise on operationalising selected actions |
| Moldova | Small and Medium Enterprise Sector Development Strategy 2012-2020 available here | Action ***plan*** for the implementation of strategy for the period 2015-2017 (in Romanian) available here | Organization for the Development of the SME Sector (ODIMM) [*www.odimm.md*](http://www.odimm.md) | Economic Council under the Prime Minister | Moldova Investment and Export Promotion Organization (MIEPO) [*www.miepo.md*](http://www.miepo.md)/ | Past: SME Development Strategy and Action ***Plan*** developed with OECD support   Future: OECD to support development of Action ***Plan*** 2018-2020, including financial and non-financial measures for sector-specific SME support |
| Ukraine | Draft version of the Strategy placed for a public discussion between stakeholders and subject to subsequent official adoption | Draft version | NO | NO | Governmental office forinvestment attraction and support established by decree of the Cabinet of Ministers,19 Oct 2016 | Past: n/a   Future: OECD to support developing SME statistics and monitoring implementation of SME strategy |

  1.1.2 Stakeholder analysis

Governments and institutions of Eastern partner countries

Representatives from national Governments and institutions of Eastern partner countries will be the direct beneficiaries of the Action. The main counterparts for the OECD will be representatives from Ministries of Economies and government agencies in charge of the SME development.Their role is to design, implement and monitor SME policy reforms and transpose the OECD recommendations into national policies. With the support of the OECD, they willdevelop comprehensive SME policy frameworks, design SME support policies, co-ordinate the implementation of the SME policy reforms and monitor progress. Other key government stakeholders involved will include representatives from ministries of finance and education, export and investment promotion agencies, national statistical offices and central banks. They will contribute to the SME policy making processes and participate in activities carried out under this Action in their area of expertise.

High-level Government representatives of all EaP countries at Deputy Prime Minister or Minister of Economy level have already committed to work with the OECD on the implementation of reforms to further align SME policies with the Small Business Act for Europe.

As both political and technical support are necessary conditions for a successful implementation of the Action, the OECD will put particular attention in maintaininghigh-level commitment, while regularly engaging policy makers at the operational level through shared responsibilities (e.g data collection) and agreed project milestones.

Business Support Organisations (chambers of commerce, employers’ associations, etc.)

Business Support Organisations (BSO) will be actively involved in the implementation of the Action. Their role is to contribute to public-private consultation processes and lobby for improving the business enabling environment. BSOs will be instrumental to provide inputs on the main needs and challenges faced by SMEs and comment on draft reform policies being developed as part of this Action. Active BSO engagement will help to ensure that government ***programmes*** and policies in support of SME development will address the specific needs of the SME community and ensure buy-in from the private sector. To mediate between potentially conflicting positions of the government and the private sector, the OECD will facilitate the discussion and propose policy options based on evidence-based analysis.

This Action will actively build on previous and ongoing work carried out within the framework of the EU4Business initiative to foster effective public-private dialogue in the six EaP countries. More specifically, the OECDwill leverage the networks created through East Invest 2 by: i) engaging relevant BSOs into public-private consultation processes facilitated by the OECDto discuss reform priorities with relevant policy makers; and ii) seeking BSO input in preparation of draft reform policies.

EU delegations in Eastern partner countries.

EU delegations will play a fundamental role in ensuring that policy support provided through this Action is consistent with and complementary to bilateral EU technical assistance ***programmes***. They will also ensure adequate visibility of the European Union as the main donor for this Action.

EU delegations have already substantially contributed to the design of this Action and provided input to the definition of country-level activities.

Development partners

Development partners, such as other international organisations or bilateral agencies of EU member states will be actively involved in the Action to ensure complementarity, synergies and coherence. They play an important role in the provision of technical assistance which will be highly complementaryto policy support provided by the OECD.

To this end, representatives of development partners in all EaP countrieswill be invited to participate in Advisory Group and Working Group meetings toprovide inputs to policy discussions and share feedback on draft reform policies. The OECD will also regularly consult with relevant development partners to align on activities andidentify synergies for co-operation.

At the regional level, the established co-operation between the OECD, the European Commission, the European Bank for Reconstruction and Development (EBRD) and the European Training Foundation(ETF) will be continued to carry out a third round of the Small Business Act (SBA) Assessment. Furthermore, in order to maximise the impact of the initiative at the country level, full alignment with ongoing donor-funded ***programmes*** will be ensured (e.g EU DCFTA Facility for SMEs, International Trade Center (ITC) regional project on Integrating SMEs from EaP countries into domestic and global value chains, EBRD Small Business Support projects in EaP countries, Deutsche Gesellschaftfür Internationale Zusammenarbeit (GIZ) ***programme*** for DCFTA support in Georgia, EU SURE ***programme*** in Ukraine, EU/GIZ ***programme*** for SME development in Armenia, EU-funded Technical Cooperation Facility and SPRING ***programme***, International Finance Corporation (IFC) Investment Climate Advisory project and World Bank’s Competitiveness Enhancement Project in Belarus, etc.) and synergies sought through close co-operation with existing structures, such as the EBRD-supported Investment Councils and public-private dialogue activities under the East Invest 2 initiative (see also section 3.2 below).

  1.1.3 Priority areas for support/problem analysis

The SME Policy Index: Eastern Partner Countries 2016 has developed detailed, country-specific policy roadmaps in co-operation with the relevant authorities and in consultation with local stakeholders. Those roadmaps include a prioritisation of crucial pending reforms and a proposed sequencing over the short, medium and long term based on each country’s performance in terms of progress and remaining challenges. Such priority roadmaps reflect the current level of institutional development for SME policy making in each country, and will be the basis for targeted OECD assistance in the context of this Action. In particular, for the countries with themain building blocks for SME policy already in place, emphasis should be put on preparing the next Action ***Plans*** and operationalising specific actions of the SME Strategies. On the other hand, for the countries with SME institutions lagging behind, assistance should be provided to finalise medium-term SME Strategies and build capacity for implementation. For all countries, a monitoring culture should be promoted within government bodies in charge of design and implementation.

* Armenia has continued to improve its policy framework for SME development since 2012. Building on a strong entrepreneurial culture, the country has implemented effective business environment reforms and created a well-developed system of business support infrastructure co-ordinated by SME DNC (one of the region’s most dynamic SME agencies). Building on the existing SME Strategy, priorities should focus on continuing implementation on the basis of an updated action ***plan***, monitoring the implementation of reforms for SME competitiveness, while improving the overall production of statistics to evaluate effectiveness of SME support ***programmes***.

1. Azerbaijan continues to be largely dependent on oil and gas extraction and related services with small businesses representing only 3% of GDP and less than 8% of employment. To complement the government’s efforts aimed at promoting economic diversification and reforming the business environment, priorities should focus on theoperationalisation of the ***Strategic*** Road Map for National Economy development of Azerbaijan (including SME chapter) adopted by President on the 6 December 2016and the design of targeted support ***programmes***, in particular for exporting SMEs.
2. Large industrial enterprises characterise Belarus’s economy, where privatisation is proceeding at a slow pace and the SME sector remains underdeveloped. In recent years, the government has been increasing its efforts to develop the private sector and create a level playing field for all businesses, regardless of size and ownership structure. Tobuild on these reforms, priorities should focus on improving the institutional framework for SME policymaking, including thefinalisationof the SME strategy, the design of targeted support ***programmes*** for SME innovation/internationalisation, andmonitoring theimplementationof policy roadmap to improve business development services.
3. Georgia made considerable progress in recent years by adopting a more proactive approach to SME development, which helped attract foreign direct investment, expand export activities and achieve sustained economic growth. However, the SME sector currently accounts for only 20% of value added and could be further developed by prioritising the following areas: strengthening government capacity for an effective implementation and monitoring of SME policies, as well as further developing targeted support to exporting SMEs and promoting Foreign Direct Investments andSME linkages.
4. Moldova is a relatively small, landlocked country with few natural resources and the SME sector remains underdeveloped, contributing to solely 30% of the country’s GDP. In recent years, the government has made considerable progress in developing a comprehensive institutional framework for SME policymaking. Priorities moving forward should focus on continuing implementation and monitoring of the SME Strategy through an updated Action ***Plan***,developing financing opportunities for SMEs by aligning Moldova’s policies to international standards and on upgrading the business support infrastructure to deliver high-value support ***programmes*** for SME internationalisation in priority sectors (***agriculture*** ***produce***, foodstuffs, machinery equipment and spare parts).
5. Ukraine’s economy has been stagnant since 2012 and in deep recession since mid-2014, with modest growth returning only in 2016, heavily constraining the development and implementation of SME support policies. To further level the playing field for small businesses in the country and restore sustainable economic growth, SME policy should focus on the effective implementation and monitoring of the SME strategy, as well as the improvement of the overall production ofbusiness statistics to assess the impact of SME support policies.

1. Risks and Assumptions

Table 2.Risks and assumptions

|  |  |  |
| --- | --- | --- |
| Risks | Risk level (H/M/L) | Mitigating measures |
| Limited political support from EaP governments to carry out country-specific activities | Low | Secure high-level commitment prior to starting country-specific activities   Tailor OECD support to country-specific needs and align with governments? reform agenda   Engage high-level policy makers by requiring Minister-level chairmanship of Advisory Groups and exert peer pressure through exposure to peer review processes involving OECD member countries |
| Significant changes in public policy priorities (e.g change in the composition of EaP governments, and/or political leadership of the project) | Medium | Maintain frequent dialogue at political and technical level to ensure continuity of activities and consistency with arising priorities |
| Lack of data for the assessment of SME sector strengths and weaknesses | Medium | Advise to improve production of business statistics, and co-operate with donors? community to diversify sources and access relevant information (e.g official statistics, expert interviews, surveys, international reports)   Carry out primary research (e.g surveys, focus groups) to fill gaps |
| Difficulties in engaging the private sector for policy reform | Low | Ensure private sector participation in project Working Group meetings, as source of information and for feedback on project outputs |
| Limited co-ordination with other donors/development partners | Low | Ensure awareness of development partners from the beginning of project activities and, where applicable, develop partnerships with relevant organisations (e.g GIZ) |
| Assumptions |  |  |
| Overall political and economic stability at the country level is maintained over time Effective involvement and dialogue with private sector stakeholders |  |  |

* Lessons learnt, complementarity and cross-cutting issues

3.1 Lessons learnt

The 2012 and 2016 SBA assessments as well as country-specific projects carried out by the OECD within the project 'Supporting SME competitiveness reforms in the Eastern partner countries' have provided a solid foundation for the design and implementation of future advisory projects to promote SME development in the region, including those presented under this Action. In particular, the following lessons have been derived from direct experience and feedback received from various stakeholders in the EaP countries (e.g local governments, private sector representatives, development partners, EU delegations):

* Increase links in the third SBA assessment between SME policy settings as measured by the SBA assessment and firm-level performance: the second SBA assessment cycle provided a solid basis to measure progress in SME policy development in the EaP countries but provided only limited insights on the relationship between policy reform and firm-level performance. A follow-up study carried out in 2016 analysed the links between SME policy settings as measured by the SBA assessment and firm-level performance. The findings indicate that SMEs in the EaP region underperform compared to their peers in other regions. In particular, EaP SMEs are less likely to invest in research and development (R&D), less likely to report innovation activity, less likely to have access to loans, and less likely to export than SMEs in the EU pre-accession countries and new EU members (EU-10). This analysis will become an integral part of the third SBA assessment to benchmark not only policy inputs but also firm-level performance. A specific emphasis will be placed on policy areas in which EaP SMEs showed a low performance (i.e innovation, export and finance). This approach will be reinforced through country-specific assistance in the design of pilot ***programmes*** dedicated to high-growth and export-oriented SMEs.

* Stronger emphasis on the assessment of policy constraints by sector of activity: the follow-up study on SME performance revealed that SMEs in the EaP countries face different policy barriers depending on their sector of operation. A stronger emphasis will therefore be placed on the assessment of policy constraints by sector of activity (manufacturing, services, and ***agriculture***) and the identification of corresponding policy solutions. This approach is also expected to help strengthening the engagement of the private sector in the assessment process and allow the OECD and its partners to provide more tailored and sector-specific recommendation for potential policy solutions. Existing private sector networks, for example those created through East Invest 2 and the upcoming ITC ***programme***, would be leveraged extensively for this purpose.

* Review of policy areas to be covered in the SBA assessment: the SBA assessment focuses on the 10 principles of the Small Business Act for Europe but disregards other policy priorities that matter for a functioning business environment in which SMEs can thrive. Prior to starting a third SBA assessment round, the policy areas covered will be reviewed through an inclusive public-private dialogue process to better address emerging policy priorities to create an enabling business environment (e.g competition policy, trade facilitation, SME taxation) while aiming at preserving comparability over time of the assessment of the other policy dimensions.

* Increase country-level support: countries have expressed the need for more country-level support for the implementation of policy recommendations that would complement the benchmarking exercise through tailored advisory support. A series of country-level activities presented in section 4.2 (support in reviewing SME strategies, drafting new SME strategies/action ***plans***, assist in thedesign of pilot ***programmes*** dedicated to high-growth and export-oriented SMEs, support to monitoring and evaluation) have been identified based on the results of the second SBA assessment and in alignment with governments’ priorities. Support provided at the country level is expected to help partner countries significantly improve their ranking prior to starting the third assessment cycle.

* Further OECD advice on national support ***programmes*** for SMEs: the second SBA assessment revealed that progress in SME development can be achieved through more targeted support ***programmes*** for SMEs. The OECD would provide further advice on the design and implementation of such ***programmes***, specifically dedicated to high-growth and export-oriented SMEs, while supporting the development of adequate monitoring and evaluation systems to assess the ***programme***’s impact on pre-defined target groups.

* Continuation of peer review exercise: five out of six EaP countries (Armenia, Belarus, Georgia, Moldova and Ukraine) have already undergone a first peer review at the OECD Eurasia Competitiveness Roundtable, showcasing the progress they achieved in selected SME policy areas. Three years after a first peer review, countries are invited to share the results through a monitoring review to solidify their commitment to effectively implement reform roadmaps. The OECD peer review process has proven to be an excellent tool to facilitate the exchange of good practice among EaP countries and with OECD members:

* First, the process has proven to be a stepping stone towards the formal adoption of government policies (e.g Georgia’s SME development strategy 2016-2020 was finalised and adopted after the peer review);

1. Second, it has helped to create a strong and sustainable commitment mechanism over time: three years after the peer review, countries are asked to go through a monitoring review to take stock on reform achievements, create momentum for the implementation of remaining reform commitments and to identify new priorities (e.g the monitoring of Moldova’s SME policy reforms in November 2016 has helped to push for important reforms towards the regulation of non-bank financing);
2. Third, it has helped to disseminate good practices among Eastern partner governments and raise interest in promoting SME policy reforms with countries that have previously been hesitant (e.g Ukraine and Azerbaijan have both requested OECD support in developing an SME strategy and carrying out a peer review after having attended the peer review of Georgia's SME strategy).

A tentative ***planning*** for the peer review and monitoring cycle under this Action is as follows: Armenia (2017), Azerbaijan (2018), Georgia (2018), Belarus (2019), Moldova (2019), Ukraine (2019).

  3.2 Complementarity, synergy and coherence with other ***interventions***

OECD support to policymakers will be complementary to the following technical assistance support provided by the European Commission and other development partners:

EU4Business[1]

* ITC (International Trade Centre) is starting a project to help SMEs from EaP countries integrate into international value chains and access new markets with a focus on the European Union.

* East Invest 2 is a regional trade facilitation project which targets BSOs and SMEs. It provides trainings to BSOs to strengthen their lobbying capacity and provision of services to SMEs. This Action will build in particular on the East Invest’s private sector networks by involving their members in public-private dialogue initiatives to promote SME policies reforms and contribute to national documents for SME policy.

* Advice for Small Businesses ***Programme*** (ASB) implemented by EBRDprovides financial support to SMEs in form of grants, as well as a wide range of capacity building assistance to BSOs and SMEs.This Action will coordinate with the activities of the ASB, in particular in Belarus and Moldova, where the Action will monitor progress in the implementation of the roadmap to develop a market for BDS and propose measures to support the delivery of BDS to SMEs in priority sectors,.

* DCFTA facility for SMEs helps small businesses grow and prepare for new market opportunities, and support national authorities in Georgia, Moldova and Ukraine to implement their Association Agreements. In particular, the Action will seek synergies with technical assistance projects in each country designed to support SMEs and business support institutions.

* Eastern Partnership SME Finance Facility - Phase II which will make new loans available to the financial intermediaries, who will lend that money to local companies in Ukraine, Georgia and Moldova. These loans will be accompanied by a grant for credit enhancement support to participating financial intermediaries through risk-sharing instruments. The project aims at stimulating local currency lending, especially for micro, small and medium sized enterprises (MSMEs) that are not earning foreign currency and cannot afford the high costs of borrowing.

* In Georgia, the Action will build on the successful co-operation with GIZ to support the Government in the preparation of the SME Development Strategy 2016-2020 and will seek further synergies with the “SME Development and DCFTA” project.Coordination will also be ensured with the bilateral project on Economic and Business Development (AAP 2017) in particular with activities aimed at strengthening capacities of policy makers to facilitate the development of SME, clusters and incubators.

* In Moldova, the Action will consider potential for coordination with several projects relevant for SME development, including the DCFTA Technical Assistance Service Contract covering quality infrastructure, market surveillance and Internal and external markets and Competitiveness awareness in the AA/DCFTA context; the Support to ***Agriculture*** and Rural Development through Confidence Building Measures, which includes a component on local entrepreneurship and SMEs development; the Comprehensive Institution Building ***Programme*** (CIB): twinning and technical assistance projects supporting the DCFTA implementation including support to Intellectual Property Rights, Customs Service, food safety agency (to enhance the commercial and export potential of the agro-business food chain in Moldova in line with EU standards and DCFTA technical requirements), and several ***planned*** projects (Annual Action ***Programme*** 2016) including 'Support to SMEs in rural areas'; 'Technical assistance support to BSOs'; 'Increase of competitiveness in ***agricultural*** sector', which includes facilitating access to markets and establishing market linkages through domestic and international value chain.

* In Ukraine, the Action will coordinate with the EU FORBIZ project and the EU4Business: network of business support centers project, which notably facilitates access to business advice and finance.The FORBIZ project is notably finalizing a feasibility study on the future  SME support agency.

* In Armenia, the Action will take into account and coordinate with several technical assistance initiatives, notably GIZ’s SMEDA (SME development in Armenia) ***programme***, and the twinning projects on ‘strengthening the investment promotion and investment policy institutional framework of Armenia’ and on ‘strengthening of the National Statistical System of Armenia’.

* In Azerbaijan, the Action will closely co-ordinate with the World Bank's ***programmes*** on enhancing the country's competitiveness and private sector development.

* In Belarus, the Action will take into account and explore synergies with the Strengthening Private Initiative Growth (SPRING) implemented by UNDP and EBRD, IFC’s Improving Business and Investment Climate Advisory Project and the World Bank’s Competitiveness Enhancement Project in Belarus. These ***programmes*** focus on improving SME competitiveness through technical assistance measures such as qualified business advice and support to access finance.

Beyond EU4Business

* EBRD-supported Investment Councils and SME Development Councils provide a platform for dialogue between the private sector and the authorities, with the aim of leveraging the private sector’s experience to enhance the content and prioritisation of policy reforms.This Action will build on the existing Investment and SME Development Councils and their members in Armenia, Georgia and Moldova in order to obtain inputs for the new SBA assessment and leverage them as a platform to discuss priorities for SME development between the private and public sector.

* Eurostat is the statistical office of the European Union and ***plans*** to start a ***programme*** to improve the availability and quality of statistical data from the EaP countries as well as their dissemination to a wider public.The Action will coordinate with Eurostat’s future regional ***programme*** and will involve national statistics offices in EaP countries. Specific focus will be on country-level advice to support the production of harmonised and comparable business statistics and to develop key indicators to analyse SME performance to enhance the evidence base for SME policy making. The activities will be based on the methodological tools provided by the OECD-Eurostat Entrepreneurship Indicators ***Programme*** (EIP) and the OECD Scoreboard on Financing SMEs and Entrepreneurs.

* EBA (European Business Associations) support representatives of European business communities in EaP countries and make proposals to local authorities to improve the business environment, encourage foreign investments and improve corresponding legislative frameworks.The Action will leverage the presence and activities of EBAs (including regular surveys among EBA members, legal proposals and events) to receive inputs from foreign investors already present in the countries about the business environment and the opportunities to help integrate local SMEs in global supply and value chains.

* The Enterprise Europe Network assists SMEs with advice on EU laws and standards, access to finance and help local SMEs find business partners to become part of European and global value chains. In this sense the EEN facilitates export and internationalisation strategies of Partner Countries. Belarus, Armenia, Georgia, Moldova and Ukraine are already participating. The consortia are co-funded by the EU in Armenia and Moldova and now also in Ukraine as these countries are fully participating in COSME. Whilst the consortia in Belarus and Georgia are Business Cooperation Centres offering more limited services. The Action will take into account and coordinate with the local EENs to support increased cooperation via in particular Business Support Organisations.

  3.3 Cross-cutting issues

The OECD will also ensure that the gender dimension will  be addressed in countries SME strategies and actions ***plans*** in line with the EU Gender Action ***Plan*** 2016-2020, the Convention on the Elimination of All Forms of Discrimination against Women and anti-discrimination principles. Notably, constraints for women entrepreneurship or women participation in SME economic activities will be identified. Women’s entrepreneurship will indeed be considered when building the evidence base for SME policies and when designing targeted support ***programmes*** for SMEs. The policy framework to support women's entrepreneurship will be evaluated through the SBA assessment, as well as the extent to which regular training needs analyses for women's entrepreneurships are conducted. Furthermore, gender issues in national SME strategies will be promoted by engaging women in public-private consultations and highlighting women entrepreneurs as an important beneficiary group of SME policies.

Building on the results achieved under 'Greening Economies in the Eastern Neighbourhood' (EaP GREEN) ***Programme***, the OECD will ensure that environment-related considerations, such as, for example, energy and resource efficiency, circular economy and cleaner production, the eco-design of products, climate-related risks, and environmental impacts more generally are duly addressed in countries' SME strategies and actions ***plans***. The latter will be fully aligned with key global policy goals and targets set by the UN 2030 Sustainable Development Goals and the Paris Agreement on Climate Change, which guide progress towards a modern and low-carbon economy and provide important opportunities for sustainable economic transformation, jobs and growth. Where available, for example in Armenia and the Republic of Moldova, specific recommendations in this area will be further promoted. Particular attention will be given to assessing the degree of “greening” of the current policy framework for SME development in comparison with benchmarks outlined in the EaP GREEN 'Environmental Policy Toolkit for SME Greening', including the existence of specific environmental policies targeting SMEs. As part of the third SBA assessment, additional weight will be given to the mainstreaming of such cross-cutting issues in national SME policies.

Evidence on the above-mentioned cross-cutting issues will be collected, such as gender balance of participants to public-private dialogue events and capacity building activities, as well as the inclusion of green elements in regional and country-level activities as well as in the monitoring, design and evaluation of national assistance ***programmes*** to SMEs.

* Objectives/results

The overall objective of the Action is to supportfirm competitiveness and business environment reforms in the countries of the EU Eastern Partnership.in line with Priority 1 on Economic development & market opportunities of the Joint Staff Working Document 'Eastern Partnership Focussing on key priorities and deliverables[2].

The specific objectives of the Action are:

* To strengthen institutional frameworks and delivery of government support to SMEsand improve the business environment, by assisting governments in the design of medium-term SME strategies and action ***plans***, proposing key performance indicators to assess results, advising on the design and operationalisation of selected actions, and facilitating government co-ordination and public-private stakeholder dialogue.Ad hoc expertise in the form of thematic reviews, studies and workshops could also be provided to advise governments to improve selected priority areas of the business environment (e.g competition, environment, investment, taxation;

1. To support monitoring and evaluation of SME policies and improve production of business statistics, by strengthening government capacity to monitor progress in the implementation of SME strategies and assisting in the production of harmonised and internationally comparable SME statistics;
2. To support evidence-based policy making and regional benchmarking, through a third SBA assessment cycle (including collectingharmonised indicators covering structural business statistics based on OECD-Eurostat methodology, performance-based indicators (BEEPS) and new policy indicators, e.g on SME finance, openness to foreign investment, trade facilitation, green economy) and capacity building for systematic data collection on the SME sector (development of key performance indicators (KPI) to assess progress of SME Strategies/Action ***Plans***);
3. To stimulate reform implementation, through peer reviews and regional policy dialogue events with SME policy stakeholders.

4.1 Main activities

The Action will be structured around two components:

* Component A will provide country-specific support to policy making and public-private dialogue by strengthening government capacity in all six EaP countries to design SME strategies/action ***plans***, deliver SME support measures, and to monitor and evaluate progress in implementation.Additional ad hoc expertise in the form of thematic reviews, studies and workshops could be provided to address emerging priorities and advise governments to improve selected areas of the business environment.

1. Component B will support regional benchmarking and policy dialogue through a third SBA assessment, peer reviews and regional events.

All project activities have been designed upon request from national governmentsand in close co-ordination with EU delegations.The following table provides an overview of project activities that will contribute to achieving the specific project objectives:

Table 3.Overview of project activities, by objective and level of ***intervention*** (country/regional)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Component A: Country-specific support to SME policy making and public-private dialogue | Component B: Regional SBA assessment and policy dialogue |  |  |
| Objective | 1. To strengthen institutional frameworks and deliveryof government support to SMEs and improve the business environment | 2. To support monitoring and evaluation of SME policies and improve production of business statistics | 3. To support evidence-based policy making and regional benchmarking | 4. To stimulate reform implementation and promote regional policy dialogue |
| Armenia | 1.1 Assist the government in preparingan SME Strategy Action ***Plan*** 2018-2020 andpropose key performance indicators to assess results 1.2 Strengthen the policy making process by introducing a public-private SME strategy stakeholder process | 2.1Assist the government in monitoring progress in the implementation of SME competitiveness reforms 2.2 Assist the government in the production, analysis and dissemination of harmonised business statistics | 3.1 Revise SBA assessment methodology 3.2 Organise one private sector focus group meeting per country and three SBA stakeholder workshops per country to facilitate the SBA assessment process 3.3Carry out government self-assessment and OECD assessment of the SBA in six countries 3.4 Publish regional 'SME Policy Index' report 3.5 Disseminate the report and its main findings at a high-level regional event and six country-level events 3.6 Prepare annual SBA factsheets for EaP countries participating in COSME (Armenia, Moldova and Ukraine) | 4.1 Organise three regional meetings of the OECD Eurasia Competitiveness Roundtable 4.2 Carry out six peer reviews (2017: Armenia, 2018: Azerbaijan, Georgia, 2019: Belarus, Moldova, Ukraine) 4.3 Organise three regional workshops for SBA co-ordinators to facilitate the SBA assessment process |
| Azerbaijan | 1.3 Assist the government in finalisingthe SME Action ***Plan*** for 2018-2020 and propose key performance indicators to assess results 1.4Assist the government in operationalisingspecific actions of the SME strategy, e.g by advising on the designof a government support ***programme*** to link SMEs with foreign investors 1.5 Strengthen the policy making process by introducing a public-private SME strategy stakeholder process |  |  |  |
| Belarus | 1.6 Assist the government in finalising the SME Strategy and Action ***Plan*** for 2018-2020 and propose key performance indicators to assess results 1.7 Assist the government in operationalising specific actions of the SME strategy, e.g by advising on the design of a ***programme*** on supporting high-growth SMEs with export and innovation potential (blueprint for implementation by national authorities) 1.8 Strengthen the policy making process by introducing a public-private SME strategy stakeholder process | 2.3 Assist the government in monitoring progress in the implementation of a policy roadmap to support the development of a private market for business development services (BDS) |  |  |
| Georgia | 1.9 Assist the government preparing the SME Strategy Action ***Plan*** 2018-2020 and propose key performance indicators to assess results 1.10 Assist the government in operationalising specific actions of the SME strategy, e.g by advising on the design of a ***programme*** on linking investors with domestic SMEs in a selected sector 1.11 Strengthen the policy making process by introducing a public-private SME strategy stakeholder process | 2.4 Strengthen the institutional capacity of the government (MoESD, EDA) to monitor the implementation of the SME Development Strategy 2016-2020 |  |  |
| Moldova | 1.12 Assist the government in preparing the SME Strategy Action ***Plan*** 2018-2020 and propose key performance indicators to assess results 1.13 Assist the government in operationalising specific actions of the SME strategy, e.g by proposing measures (financial and non-financial) and mechanisms to support the delivery of high value-added business development services to SMEs in selected sectors 1.14 Strengthen the policy making process by introducing a public-private SME strategy stakeholder process | 2.5 Strengthen the institutional capacity of the government (Ministry of Economy, ODIMM) to monitor the implementation of the Small and Medium Enterprise Sector Development Strategy 2012-2020 |  |  |
| Ukraine | 1.15 Strengthen the policy making process by Introducing a public-private stakeholder process to review the SME strategy | 2.6 Strengthen the institutional capacity of the government (MEDT) to monitor the implementation of the SME Development Strategy 2017-2020 2.7 Assist the government in the production, analysis and dissemination of harmonised business statistics |  |  |

Component A: Country-level support to policy making and public-private dialogue

Project component A will focus on delivering analysis, policy advice and capacity building to provide country-level assistanceto policy makers in all six EaP countries. The OECD will leverage the expertise of its Secretariat and involve experts from OECD Member states to strengthen institutional frameworks and delivery of government support to SMEs (objective 1) and to support monitoring and evaluation of SME policies and improve the production of business statistics.Ad hoc expertise in the form of thematic reviews, studies and workshops could also be provided to advise governments to improve selected priority areas of the business environment.The duration of the support per country may generally range between 18 and 24 months (see 5.2 for tentative schedule). The specific activities per country will be subject to an annual discussion with EU delegations in all six EaP countries.

Component B: Regional SBA assessment and policy dialogue

Project component B will support evidence-based policy making and regional benchmarking (objective 3) through a third round of the SBA assessment leading to a third report of the SME Policy Index: Eastern Partner Countries. In addition, this component will stimulate reform implementation and promote regional policy dialogue (objective 4) through a peer review process and regional SBA stakeholder workshops. 4.2 ***Intervention*** logic

A recent study 'Enterprise performance and SME policies in the Eastern Partner countries and peer regions'[3] published by the OECD has indicated that SMEs in the EaP are less competitive than their peers in other regions in particular, in terms of access to loans,  innovation and capacity to export. When examining the determinants of firm performance, the study found that firm size is a core determinant, reaffirming the conventional theory that SMEs are more likely to face barriers when accessing finance, innovating and internationalising. The study also found a strong link between the various policy areas, with SMEs that have access to finance being more likely to export and exporting SMEs being more likely to invest in R&D.

The study also investigated the relationship between SME policies and firm performance in the Eastern Partner countries and peer regions. Drawing on SME Policy Index scores as a measure of the quality of SME policies and on firm-level data about selected aspects of enterprise performance, the study identified a positive relationship between policy inputs and economic outcomes in the real sector. These findings provide evidence around the assumption that better policy making contributes to building a stronger and more dynamic SME sector and build momentum for further work in this area. Through its two components described below, the Action will build on these findings to assist countries addressing gaps in the business environment identified in the most recent SBA assessment. A specific emphasis will be placed on policy areas in which EaP SMEs showed a low performance (i.e innovation, export and finance). This approach will be reinforced through country-specific assistance in the design of pilot ***programmes*** dedicated to high-growth and export-oriented SMEs.

Through Component A, the Action will assist policy makers in EaP countries in the implementation of reform priorities as identified in the policy roadmaps presented in the SME Policy Index 2016. The OECD will assist governments in the preparation of SME strategies and action ***plans*** to strengthen the institutional framework and facilitate the implementation of SME policy reforms. Implementation of selected priorities of the Action ***Plans*** will be supported through evidence-based analysis, transfer of methodology, capacity building and facilitation of government co-ordination and public-private consultation processes. In addition, the OECD will assist governments to develop harmonised and comparable business statistics and monitor progress in the implementation of SME strategies. Country-level activities have been designed based on every country's individual needs and identified in close consultation with national administrations and local EU delegations to ensure synergies with other relevant EU initiatives to support SMEs in the EaP region. Ad hoc expertise in the form of thematic reviews, studies and workshops could also be provided to advise governments to improve selected priority areas of the business environment.Support provided under Component A is expected to lead to improvements in country scores of the SBA assessment (Component B).

Through Component B, SME policy stakeholders in EaP countries will be able to assess progress in the implementation of the Small Business Act for Europe and benchmark their policies and SME performance with neighbouring countries. Cross-country analysis will nurture regional policy dialogue and exchange of good practices. Governments in EaP countries will also be able use the SBA assessment as a change management tool for identifying reform priorities in consultation with the private sector. High-level dissemination events will help increase local awareness about the findings of the SBA assessment and enable a broader range of stakeholders (including the private sector and civil society) to take action to promote a better environment for small and medium-sized enterprises.

Before the end of the project and in parallel to the 2019 SBA assessment, the OECD will carry out a follow-up study on the relationship between SME policies and firm performance to assess trends in SME performance in the EaP over time and to draw correlations between the changes in SME Policy Index scores with the changes in performance variables, which would also allow to control for country-specific factors.

* Implementation

5.1 Financing agreement

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012. 5.2 Indicative implementation period

The indicative implementation period for this Action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of adoption by the Commission of this Action Document.

Extensions of the implementation period may be agreed by the Commission’s authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

  5.3 Implementation modalities 5.3.1 Grant: direct award 'supporting SME policies in the Eastern Partnership'(direct management)

(a) Objectives of the grant, fields of ***intervention***, priorities of the year and expected results

As described above (see point 4.1 and 4.2)

(b) Justification of a direct grant

Article 190(1) (f) of Commission Delegated Regulation (EU) No 1268/2012 authorises that grants be awarded without a call for proposals for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation, on condition that the actions concerned do not fall within the scope of a call for proposals. On this basis and under the responsibility of the Commission’s authorising officer responsible, the grant may be awarded without a call for proposals to a specialised entity having relevant specific experience and capacities in the fields of ***intervention***. For the reasons detailed below, the OECD has been identified as the most suitable entity.

Under the responsibility of the Commission’s authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because:

* The OECD is an international organisation with a widely respected peer review mechanism that gathers around the table the governments of Eastern partner countries and OECD countries on an equal footing to exchange good practices in an impartial environment. This type of activity also fosters regional integration.

1. The OECD has successfully co-ordinated two SBA assessments in the EU Eastern Partnership region and published two corresponding reports in 2012 and 2016 (SME Policy Index).
2. The OECD has built a solid relationship with governments of Eastern partner countries. They participate in public-private Advisory Group and Working Group meetings established by the OECD across the region as well as in annual meetings of the OECD Eurasia Competitiveness Roundtable at Deputy Prime Minister, Minister of Economy and/or Deputy Minister level.
3. The OECD has established a network of local partner organisations (e.g research institutions, think tanks and national experts) that carry out local research and analysis on behalf of the OECD and help co-ordinate local activities.
4. The OECD relies on an extensive network of expert practitioners from Member states who provide in-kind support and policy expertise based on their own countries' experience in the form of lead reviewers and expert inputs to policy papers during seminars, working groups and peer reviews.
5. The OECD has built extensive partnerships with local development partners (e.g EBRD, GIZ, IFC, ITC, World Bank) to ensure synergies and maximise the impact of the Action..
6. The Commission is contributing to an existing ***programme*** that has worked successfully with Eastern partner countries on related topics since 2009: 'The OECD Eastern Europe and South Caucasus Initiative', which is part of the OECD Eurasia Competitiveness ***Programme***.

(c) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures affecting the respective countries of operation.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 95%.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission’s authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative trimester to conclude the grant agreement

4th quarter 2017

(f) Exception to the non-retroactivity of costs

The Commission authorises the eligibility of costs prior to the adoption by the Commission of this Action Document as of 1 September2017, in line with the preliminary project proposal (grant application) submitted by OECD, to ensure continuity with the activities and with the team implementing the project 'Supporting SME Competitiveness Reforms in the Eastern Partner Countries - Implementing the Recommendations of the SME Policy Index 2012' to which the present Action constitutes a continuation and that has come to an end on 30 June 2017. 5.4 Indicative budget

|  |  |  |
| --- | --- | --- |
|  | EU contribution in EUR | OECD contribution in EUR |
| Grant - Direct management (OECD) | 4 000 000 | 400 000 |
| Total estimated cost | 4 400 000 |  |

* Organisational set-up and responsibilities

In order to carry out this Action, the OECD team will be based in its headquarters in Paris, with frequent travel to each EaP countries to collect information, co-ordinate public-private consultations and discuss intermediate project findings with local stakeholders (policy makers, private sector, development partners, EU delegations, etc.).

Advisory Groupsare chaired by a Deputy Prime Minister or Minister of Economy and would include high-level officials from the relevant ministries, representatives from the European Union Delegations and project partners. They typically meet 1-2 times per year to provide feedback on project activities.

Public-private thematic Working Groupsare chaired at Deputy Minister-level, and would include policy makers from relevant ministries and government agencies, representatives from the European Union Delegations, project partners, business associations, and academia. Working Groups typically meet 3-4 times per year and are led by the OECD to facilitate public-private consultations, receive inputs, discuss analysis and project findings and develop recommendations for policy reforms.In addition to the above, whenever necessary the OECD will mobilize its trusted network of local consultants of proven quality to carry out field work in each EaP country, as well as senior international consultant to provide key analytical inputs to project deliverables. Finally, the OECD will benefit from in-kind contributions provided by experts and practitioners from OECD member countries, who will contribute to capacity building events and lead the peer review process.

The project will be implemented by the OECD in close consultation with the Commission under the lead of Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR), and including representatives of any other concerned services of Commission to co-ordinate activities. The OECD will provide annual narrative and financial reports in accordance with the Framework Administrative Agreement signed on 16 June 2015 between the European Union and the Organisation and applicable provisions in the General conditions and Special conditions.

Annual activity reports shall be drafted and structured on the basis of the results/outcomes that have been achieved for each country. The introductory chapter will entail a table summarising progress achieved against the agreed logframe and initial baseline for the region and by country. Based on these annual activity reports, annual meetings of a dedicated Advisory Group will be organised and chaired by DG NEAR.

As this project will be part of the Eastern Partnership EU4Business initiative,OECD will also take part in the EU4Business annual general assembly meeting to ensure complementarity with other EU funded initiatives. The OECD will cooperate with the EU4Business Secretariat to prepare the annual consolidated report on the initiative’s impact and results. This will notably include results achieved under this project in the framework of the defined and agreed key performance indicators.

Annual co-ordination meetings in each of the six EaP countries will also take place to further ensure co-ordination with other related ***programmes*** funded by the EU or by other donors, as well as to enhance the ownership of the project by the partner countries (government representatives, BSOs, SMEs). Close co-operation with representatives of EU delegations in the EaP countries will be key to ensure that OECD activities under this Action are consistent with other EU support provided at the bilateral level. The OECD will work in close consultation with EU Delegations and regularly discuss project progress and activities. EU Delegations will be part of all project Advisory Groups and Working Groups and play a fundamental role in providing input and feedback. In addition, an annual update between the OECD and counterparts in the EU Delegations will provide an opportunity to discuss progress in the implementation of the Action, align on foreseen activities and identify ways to address emerging priorities.

The project's team will attend relevant donor coordination group/workshop on private sector development in all EaP countries.The OECD will also participate in regular meetings/videoconference with EU Delegations and relevant stakeholders to co-ordinate activities and to ensure synergies and complementarities with other EU funded and donor actions. 5.6 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner’s responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports.

Every report shall provide an accurate account of implementation of the action for each of the 6 Eastern Partnership country, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality). The introductory chapter will entail this table summarising progress achieved against the agreed logframe and initial baseline for the region and by country.

The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action.The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Performance monitoring and reporting will need to be in line with DG NEAR Guidelines on linking ***planning***/***programming***, monitoring and evaluation[4].

  5.7 Evaluation

The Commission may, during implementation, decide to undertake an evaluation for duly justified reasons either on its own decision or on the initiative of the partner.

The Commission shall inform the implementing partner at least 3 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a financing decision.

Evaluation will need to be in line with DG NEAR Guidelines on linking ***planning***/***programming***, monitoring and evaluation

Where appropriate the provisions included in the framework agreement signed with the international organisation will apply.

  5.8  Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Where appropriate the provisions included in the framework agreement signed with the international organisation will apply.

The financing of the audit shall be covered by another measure constituting a financing decision.

  5.9 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility ***Plan*** of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.4 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility ***Plan*** of the Action and the appropriate contractual obligations.

It shall be the responsibility of the implementing partners to keep the EU Delegations fully informed of the ***planning*** and implementation of the specific visibility and communication activities.

The action shall use common branding regarding all EU support to SME in the Eastern Partnership, in particular, the name EU for Business (EU4Business) shall be used for all relevant SME activities both in English and in local official languages.

The OECD will use the EU4Business visibility tips and guidelines proposed by the EU4Business Secretariat and co-operate with the latter to further disseminate the project's key activities, events, and results. For country based activities, OECD will combine the EU4Business branding with the EU4country one (ie: EU4Georgia).Where appropriate the provisions included in the framework agreement signed with the international organisation will apply.

  [APPENDIX - Indicative Logframe matrix (for project modality) [5]]

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for listing the activities as well as new columns for intermediary targets (milestones) when it is relevant and for reporting purpose on the achievement of results as measured by indicators.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | ***Intervention*** logic | Indicators | Baselines (2016) | Targets (2020) | Sources and means of verification | Assumptions |
| Overall objective:   Impact | To improve SME competitiveness[6] in the countries of the EU Eastern Partnership | 1 ? Averagecountry's score in the SME Policy Index across all dimensions[7]     2 ? Relationship between SME Policy Index scores and enterprise performance | 1 ? Country's score in the SME Policy Index 2016   2 ? Cross-sectional analysis of relationship between selected SME Policy Index dimensions and firm-level performance variables | 1 ? The average country scores increase by 10% across all dimensions in the 2019 SME policy Index compared to the 2016 SME policy Index   2 ? Positive changes in selected SME Policy Index dimensions are correlated with improved firm-level performance | SME Policy Index: Eastern Partner Countries EBRD-WB Business Environment and Enterprise Performance Survey (BEEPS) OECD study on enterprise performance and SME policies in the Eastern Partner countries | Political and economic stability at country and regional level is maintained over time Political commitment to SME policy reform is maintained over time Availability of next round of BEEPS data during implementation of the Action |
| Specific objective(s): Outcome(s) | 1 ? To strengthen institutional frameworks and delivery of government support to SMEs | 1.1 ?  Averagescore of the SME Policy Index on dimension 3 (regulatory framework for SME policy making)   1.2 ? Average score of the SME Policy Index on sub-dimension 3.3 (Public-Private Consultations: frequency and transparency, private sector involvement, M&E)   1.3 ? Average score of the SME Policy Index on dimension 5a (Support services for SMEs) | 1.1 ? 2.95 (2016)         1.2 ? 3.00 (2016)             1.3 ? 3.13 (2016) | 1.1 ? 3.54 (2020)         1.2 ? 3.60 (2016)             1.3 ? 3.76 (2020) | SME Policy Index: Eastern Partner Countries Government documents and reports/adopted policy documents National statistics office websites OECD Entrepreneurship at a Glance report OECD Scoreboard on SME Financing Monitoring reports Minutes of Advisory Group and Working Group meetings Minutes of launch and dissemination events Media reports Members of the project Advisory Group and Working Group List of participants at the OECD Eurasia Competitiveness Roundtable Private sector survey | Political and economic stability at country and regional level is maintained over time Availability of statistical and survey data for analysis High-level government involvement and commitment to implement SME policies Strong interest and capacity of the private sector to participate and contribute to public-private consultations |
| 2 ? To support monitoring and evaluation of SME policies and improve  production of business statistics | 2.1 ? Extent to which monitoring of national SME strategies takes place         2.2 ? Extent to which accurate and comprehensive business statistics are available | 2.1 ? Progress in the implementation of national SME strategies is not monitored       2.2 ? Structural business statistics to measure entrepreneurial performance are not harmonised and not published in Armenia and Ukraine | 2.1 ? Monitoring process for national SME strategies are established in at least 4 countries (Armenia, Georgia, Moldova, Ukraine)   2.2 ? Analysis on structural and business demography statistics is harmonised with OECD-Eurostat methodology and published in Armenia and Ukraine |  |  |  |
| 3 ? To support evidence-based policy making and regional benchmarking | 3.1 ? Number of SBA assessment cycles completed | 3.1 ? Two SBA assessment cycles completed in the EaP region (2012, 2016) | 3.1 Third SBA assessment cycle completed |  |  |  |
| 4 ? To stimulate reform implementation and promote regional policy dialogue | 4.1 ?Extent to which countries report on progress in the implementation of policy reforms at the Roundtable and discuss it with OECD and EaP countries | 4.1 ? All EaP countries have committed to undertake a peer review at the OECD Eurasia Competitiveness Roundtable | 4.1 All EaP countries have undertaken a peer review at the OECD Eurasia Competitiveness Roundtable at high political level and committed to the implementation of policy recommendations provided by the Roundtable |  |  |  |
| Outputs [and corresponding activities presented in Table 3] | 1.1 ? Improved ***strategic*** policy framework (SME strategies/action ***plans***) [act. 1.1,1.3,1.6,1.9,1.12] | 1.1.1 ? Extent to which SME strategies and action ***plans*** for the period 2018-2020 are developed according to international good practices   1.1.2 ? Number of OECD countries involved in providing expertise and sharing good practice for SME development | 1.1.1 ? SME strategies in place in 3 countries (Armenia, Georgia, Moldova), no action ***plans*** in place for the period 2018-2020   1.1.2 ? None | 1.1.1 ? SME strategies and action ***plans*** for the period 2018-2020 are endorsed by 5 EaP countries     1.1.2 ? On average 2 experts from OECD countries involved in the design/review of SME strategies/action ***plans*** in five EaP country | SME Policy Index: Eastern Partner Countries Government documents and reports/adopted policy documents (strategies, action ***plans***) National statistics office websites OECD Entrepreneurship at a Glance report OECD Scoreboard on SME Financing Monitoring reports Minutes of Advisory Group and Working Group meetings Minutes of launch and dissemination events Media reports Members of the project Advisory Group and Working Group List of participants at the OECD Eurasia Competitiveness Roundtable Private sector survey | Political and economic stability at country and regional level is maintained over time Availability of statistical and survey data for analysis High-level government involvement and commitment to implement SME policies Strong interest and capacity of the private sector to participate and contribute to public-private consultations |
| 1.2 ? Enhanced institutional capacity of the government to deliver support to SMEs [act. 1.4,1.7,1.10,1.13] | 1.2.1 ? Extent to which specific actions of the SME strategy have been designed according to international good practices   1.2.2 ? Number of capacity building seminars/events to support design of targeted SME support ***programmes*** | 1.2.1 ? No operational guidance on how to implement specific actions of the SME strategy   1.2.2 ? None | 1.2.1 ? Operational guidance provided through analytical support, workshops and OECD reports   1.2.2 ? At least 2 in four countries (Azerbaijan, Belarus, Georgia, Moldova) |  |  |  |
| 1.3 ? Enhanced contribution of business associations to SME policy making processes [act. 1.2,1.5,1.8,1.11,1.14 1.15] | 1.3.1 ? Extent to which the private sector is involved in public-private consultations on the SME strategy | 1.3.1 ? Limited private sector involvement in SME policy consultations | 1.3.1 ? At least 4 public-private SME policy consultations held in each EaP country to consult with the private sector on the SME strategy |  |  |  |
| 2.1 ? Enhanced capacity to monitor implementation of SME policy [act. 2.1,2.3,2.4,2.5,2.6] | 2.1.1 ? Extent to which progress in the implementation of SME policies is monitored | 2.1.1 ? National SME strategies, action ***plans*** and SME policies are not monitored | 2.1.1 ? Monitoring info available for four countries (Armenia, Georgia, Moldova, Ukraine) |  |  |  |
| 2.2 ? Availability of structural and business demography statistics [act. 2.2,2.7] | 2.2.1 ? Extent to which internationally comparable indicators on SME performance and statistics on SME finance are ***produced*** regularly | 2.2.1 ? Limited statistics available for the SME sector | 2.2.1 ? Structural and business demography statistics following the methodology of the OECD-Eurostat Entrepreneurship Indicators ***Programme*** available in Armenia and Ukraine |  |  |  |
| 3.1 ? Third SBA assessment published, disseminated and used for policy making [act. 3.1,3.2,3.3,3.4,3.5,3.6] | 3.1.1 ? Extent to which SME Policy Index is based on amended methodology   3.1.2 ? Number of meetings and meeting participants at SME stakeholder workshops   3.1.3 ? Number of government self-assessments provided   3.1.4 ? Extent to which SME Policy Index is published   3.1.5 ? Number and level of participation at dissemination events   3.1.6 ? Number of SBA factsheets prepared | 3.1.1 ? SBA assessment based on current methodology   3.1.2 - None   3.1.3 - None   3.1.4 ? Latest SME Policy Index for EaP countries published in 2015   3.1.5 ? None   3.1.6 - None | 3.1.1 ? SBA assessment methodology revised to reflect emerging policy priorities and company performance   3.1.2 ? One private sector focus group and three SBA stakeholder workshops held per country with 20 participants on average   3.1.3 ? One government self-assessment completed by country   3.1.4 ? Third SME Policy Index for EaP countries is published in 2019   3.1.5 ? One regional and six country-level dissemination events held with 100 participants on average   3.1.6 ? SBA factsheets prepared for Armenia, Moldova and Ukraine |  |  |  |
| 4.1 ? Peer reviews on SME policy reforms are carried out [act. 4.1,4.2,4.3] | 4.1.1 ? Number of peer reviews carried out   4.1.2 ? Extent to which high-level commitment to SME policy reform is secured | 4.1.1 ? Five EaP countries (all except Azerbaijan) have undergone a first round of peer reviews at the OECD Eurasia Competitiveness Roundtable (2013-2016)   4.1.2 ? None | 4.1.1 ? Five EaP countries have undergone a second round of peer review, one country has undergone a first peer review (Azerbaijan) at the OECD Eurasia Competitiveness Roundtable   4.1.2 ? All EaP countries have endorsed to implement reform recommendations provided at the peer review discussion |  |  |  |

[1]Recognizing the role of SMEs in furthering growth, the EU launched in 2009 the regional SME Flagship Initiative which was rebranded as the 'EU4business initiative' in 2016 to cover both bilateral and regional projects to support SMEs in EaP countries in addressing common challenges, such as access to finance, SME policy and regulatory framework, knowledge and business skills and access to markets.

[2][*https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/near-eeas\_joint\_swd\_2016467\_0.pdf*](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/near-eeas_joint_swd_2016467_0.pdf)

[3][*http://www.oecd.org/globalrelations/Enterprise-Performance-and-SME-Policies-in-Eastern-Partner-Countries-and-Peer-Regions.pdf*](http://www.oecd.org/globalrelations/Enterprise-Performance-and-SME-Policies-in-Eastern-Partner-Countries-and-Peer-Regions.pdf)

[4] Refer to: [*https://ec.europa.eu/neighbourhood-enlargement/tenders/monitoring-and-evaluation\_cs*](https://ec.europa.eu/neighbourhood-enlargement/tenders/monitoring-and-evaluation_cs)

[5] Mark indicators aligned with the relevant ***programming*** document mark with '\*' and indicators aligned to the EU Results Framework with '\*\*'.

[6]In this context, competitiveness is defined as the ability of enterprises to operate as successful entities in a market-based economy, as revealed by the extent to which they can access inputs (finance), invest and develop quality products and services (innovation), and sell their output on international markets (internationalisation)

[7] The dimensions assessed in the SME Policy Index 2016 are: 1. Entrepreneurial learning and women’s entrepreneurship; 2. Bankruptcy and second chance for SMEs; 3. Regulatory framework for SME policy making; 4. Operational environment for SMEs; 5a. Support services for SMEs and start-ups; 5b. Public procurement; 6.Access to ­finance for SMEs; 7.Standards and technical regulations; 8a.Enterprise skills; 8b.Innovation; 9.SMEs in a green economy; 10. Internationalisation of SMEs

**Load-Date:** November 22, 2017

**End of Document**



[***Berkeley Energia Limited Quarterly Report June 2017***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P3F-0SV1-F0CC-S3K5-00000-00&context=1516831)

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**Body**

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Berkeley Energia Limited

24 July 2017

BERKELEY ENERGIA LIMITED

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Quarterly Report June 2017

Development of the Salamanca mine progressing well

-- Development of the Salamanca uranium mine is continuing to progress well:

o All infrastructure work is on track for completion as ***planned***

o The primary crusher was delivered to site and secondary crusher has now arrived at the Sandvik warehouse in Madrid

o Front-End Engineering Design (FEED) was completed on time and on budget

o The land acquisition process is almost complete, with over 600 hectares acquired or leased to date

-- Strengthening of Board and management:

o Highly regarded mining and finance executives Mr Nigel Jones and Mr Adam Parker appointed as Non-Executive Directors

o The Company is delivering on its promise of local employment, with 20 new staff and contractors added during the quarter, bringing the total to near 70

o Further skills training ***programmes*** were completed during the quarter, with training provided to over 120 local residents, equipping them with the specialist skills needed for the 450 jobs the project will create

-- Financials are on track:

o Final upfront capital costs reduced to EUR82.3 million (US$93.8 million) following completion of the FEED

o Strong and continued interest from ***strategic*** investors and financiers

o Robust balance sheet with cash of US$26.3 million and no debt

-- Exploration:

o The next phase of the exploration campaign commenced with a focus on identifying additional targets with similar characteristics to Zona 7

o Two areas have been selected for an intensive geochemical sampling ***programme*** incorporating the latest uranium exploration techniques, in addition to radiometrics and radon emissions

-- Uranium market showing signs of improvement:

o Production cuts from high-cost operations continue to bring the market into balance

o The Company is witnessing increased off-take contract invitations from utilities

o Currently 2.75 million pounds of U(3) O(8) concentrate under long term contracts over the first six years of production with a further 1.25 million of optional volumes

o The Company's average fixed price per pound of contracted and optional volumes is above US$42 per pound

Managing Director Paul Atherley commented:

"We are pleased with progress during the quarter which included the delivery of the crusher to site, the finalisation of capex and a significant strengthening of the Board and management team.

The progress moves us closer to potentially being one of the top ten uranium ***producers*** globally, with one of the lowest production costs. We are extremely well positioned to provide our concentrate to the 130 strong reactor fleet in the European Union as well as utilities further abroad.

The continued success of our long-term off-take ***programme*** at exceptional prices demonstrates the Salamanca mine's unique advantage of offering diversification of supply away from non-OECD countries towards first world jurisdictions.

We are encouraged by the local support and continue to recruit heavily from the local community. In addition we are delighted that people we have trained are now being offered employment. We currently employ 70 staff and contractors at site and ***plan*** to increase this number quickly as construction continues."

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Overview

Infrastructure works on site are progressing well. The road deviation ***programme*** is well advanced and land is now being cleared to allow for the installation of the processing plant.

The primary crusher, delivered to site earlier this month, and the secondary crusher, which is currently in Madrid, were fabricated by Sandvik in Finland. Vibramech, based in South Africa, is on track with the fabrication of the vibrating grizzly feeder and screens.

The recent arrival on site of the primary crusher marks a significant milestone for the Company as it has progressed from the development phase to the construction phase.

Equipment procurement for realignment of the electrical power line has been completed and the line deviation will commence once the road construction is complete.

Employment levels are increasing with nearly seventy employees and contractors now on site and this will rise to 450 when the mine is in production. Over 120 locals have now completed the Company's skills training ***programmes*** equipping them with the skills necessary for positions with the Company.

These rising levels of employment are already having a positive effect on a local community badly affected by long term unemployment, especially amongst its youth.

The Company remains committed to environmental excellence and as part of the Environmental License and the Environmental Measures ***Plan*** it will plant 30,000 young oak trees, a six fold increase on the number of older trees being cleared, greatly improving the ecological and ***agricultural*** value of the area. The agreement will come into force once the favourable report issued by the Environmental Territorial Service of Salamanca has been approved by the General Directorate of Natural Environment of the Castilla y León Regional Government.

This reforestation ***programme*** commenced earlier this year with an agreement with the highly supportive local municipality of Vitigudino which details the arrangements for the planting of the first 20,000 young oak trees over a 50 hectare plot.

The Company is currently evaluating quotes from a number of experienced mining contractors and is encouraged by the competitive bids received. A key focus is the management of cost escalation over the term of these and all major contracts and suppliers to the Company.

Capital and the main contractual operating costs were finalised following the completion of the FEED being undertaken by AMEC Foster Wheeler and came in 1% below the Definitive Feasibility Study estimates, reinforcing the Salamanca mine's position at the bottom of the cost curve.

The next phase of the Company's exploration ***programme*** will focus on discovering additional deposits with similar characteristics to Zona 7. Following extensive structural mapping and the interpretation of regional geological structures, two areas have been selected for an intensive geochemical sampling ***programme*** incorporating the latest uranium exploration techniques, in addition to some others like radiometrics and radon emissions.

The Company has noted increased public tender activity by major global utilities looking to enter into long term contracts in the medium to long term horizon. The Company is actively pursuing both public and private off-take opportunities with global utilities in the ordinary course of business and will report regularly on how this progresses.

The Company's view is that whilst uranium prices may remain flat in the near term, from late 2018, when the Salamanca mine is scheduled to come into production, the market is expected to be dominated by US utilities looking to re-contract who will at the same time be competing with Chinese new reactor demand, which may lead to higher spot and term contract prices.

The Company currently has 2.75 million pounds of U3O8 concentrate under long term contracts over the first six years of production. Potential exists to increase annual contracted volumes further as well as extend the contracts by a total of 1.25 million pounds.

Across the Company's portfolio, the average fixed price per pound of contracted and optional volumes is above US$42 per pound. This compares favourably with the current spot price of around US$20 per pound. The Company will continue to build its sales book as the market continues to improve.

During the recent Spanish State Visit to the UK, the Company participated in the UK-Spain Business Forum as a delegate of the Department of Industry and Trade. At the event, King Felipe highlighted the importance of post-Brexit bilateral investment and trade between the two countries.

The Company is in a strong financial position with US$26.3 million in cash and no debt whilst it is advancing its discussions with ***strategic*** partners and potential financiers.

Board strengthened with the appointment of two Non-Executive Directors

Mr Nigel Jones and Mr Adam Parker were appointed as an independent Non-Executive Directors of the Company on 7 June 2017 and 14 June 2017 respectively.

Mr Jones has thirty years' experience in the international mining sector. He has considerable corporate development and marketing expertise, including being responsible for the negotiation of key uranium supply agreements for Rio Tinto.

Mr Jones spent two decades at Rio Tinto, where ultimately he held the position of Global Head of Business Development and prior to that Managing Director of Rio Tinto Marine, Head of Investor Relations and Marketing Director, Uranium.

Mr Parker joins the Company after a long and successful career in institutional fund management in the City of London spanning almost three decades, including being a co-founder of Majedie Asset Management, which today manages assets of approximately GBP14 billion.

**Load-Date:** July 24, 2017

**End of Document**



[***Register of Commission documents: Annex Comprehensive list of actions to the COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN INVESTMENT BANK A stronger and renewed strategic partnership with the EU's outermost regions Document date: 2017-10-25 COM\_COM(2017)0623(ANN01) COM documents***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R65-4NS1-F0YC-N1FW-00000-00&context=1516831)

Impact News Service

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**Body**

Brussels: Public Register European Parliament has issued the following document:

EN EN EUROPEAN COMMISSION Strasbourg, 24.10.2017 COM(2017) 623 final ANNEX 1 ANNEX Comprehensive list of actions to the COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN INVESTMENT BANK A stronger and renewed ***strategic*** partnership with the EU's outermost regions {SWD(2017) 349 final} 2 COMPREHENSIVE LIST OF ACTIONS This Annex establishes a comprehensive list of actions, including the key ones mentioned in the text of the Communication, to be taken at different levels: the Commission, the Member States and the outermost regions. Governance Commission:  Ensure that the concerns and interests of the outermost regions are taken into due consideration as relevant in impact assessments and policy evaluation;  Set up with the European Investment Bank Group a dedicated initiative, including through advisory support from the European Investment Advisory Hub, for the outermost regions, to enhance their access to the European Fund for ***Strategic*** Investments;  Set up an ad hoc platform to exchange views on the interests and concerns of outermost regions, bringing together the Commission, national and outermost regions' authorities, as well as other relevant players;  Launch dedicated task forces, upon request from the outermost regions, to review the efficiency of relevant EU policies on the ground and identify growth opportunities. Task forces would bring together representatives of these regions, national authorities and the Commission;  Carry out a study analysing to what extent the European Regional Development Fund specific additional allocation for the outermost regions is sufficient as regards needs and coverage; assess if such a specific allocation might also be justified for the European Social Fund;  Work closely with national statistics offices to improve statistics referring to the outermost regions, to enable a more refined assessment of their needs.

Member States, the outermost regions and their stakeholders:  Take full advantage of the Commission's open governance procedures, including public consultation and feedback mechanisms at various stages of the policy cycle. Blue economy Commission:  Consider specific measures and management arrangements (including a compensation regime) for the outermost regions under new EU ***programmes*** to support the sustainable development of fisheries and of other blue economy sectors1; 1 Building, inter alia, on the findings of the 2017 report GOCEA et al., Realising the potential of the Outermost Regions for sustainable blue growth, Publications Office of the European Union, 2017. 3  Propose to establish a forum for dialogue and exchange of experience on fisheries and maritime affairs with the outermost regions, the Member States and the various stakeholders from relevant sectors;  With regard to fleet capacity, evaluate by the end of 2018 the current 'entry/exit' scheme2, in light of the evolving relationship between fleet capacities and fishing opportunities in these regions; propose, as appropriate, amendments to the scheme;  Consider allowing State aid for the construction of new vessels in the outermost regions, by amending the State aid guidelines for fisheries on the basis of an assessment of justified needs and subject to conditions ensuring sustainable fisheries. An evaluation of the specific de minimis regulation in the fisheries sector, which also applies to the outermost regions, is ***planned*** in 2018;  Take into account the outermost regions' specific needs when launching calls for projects under the European Maritime Fisheries Fund. First steps will be to assess the state of fisheries scientific knowledge and management measures in the outermost regions, and to provide targeted technical support to public authorities working on maritime spatial ***planning*** development3;  Cooperate with the Member States to better involve the outermost regions in negotiations within regional fisheries management organisations and concerning sustainable fisheries partnership agreements with third countries; assess their impacts on the regions and, on this basis, take the appropriate measures. Member States:  Step up the collection of fisheries scientific data and support for fisheries and marine research;  Adopt fisheries management measures in line with the Common Fisheries Policy, based on a bottom-up approach, so as to encourage stakeholders' involvement and organisation;  Explore, where geographically feasible, the possibility to restrict fishing within a 100 miles zone to vessels registered in the outermost regions4;  Increase the benefits of regional fisheries management organisations and of sustainable fisheries partnership agreements for outermost regions' small-scale fleets by improving their access to highly migratory stocks;  Strengthen their efforts in the fight against illegal fishing, apply effective and dissuasive sanctions to offenders and enhance cooperation with outermost regions' neighbouring countries. In parallel, the Commission will put this issue on the agenda of the relevant bilateral and regional cooperation and economic agreements with third countries. 2 For each EU country a fishing fleet capacity ceiling is established. In the case of outermost regions, a specific, detailed fleet capacity system is set out in Regulation (EU) No 1380/2013 of the European Parliament and of the Council of 11 December 2013 on the Common Fisheries Policy, amending Council Regulations (EC) No 1954/2003 and (EC) No 1224/2009 and repealing Council Regulations (EC) No 2371/2002 and (EC) No 639/2004 and Council Decision 2004/585/EC). According to this system, new fishing vessels may enter the fleet only after the same fleet capacity is removed from the fleet. 3 In line with Directive 2014/89/EU of the European Parliament and of the Council of 23 July 2014 establishing a framework for maritime spatial ***planning*** (OJ L 257, 28.8.2014, p. 135). 4 In line with Regulation (EU) No 1380/2013, Article 5(3). 4 Outermost regions:  Set up blue economy strategies to strengthen sustainable blue growth value chains and improve synergies of public policies and investments. As a first step, the outermost regions will have to improve collection and processing of data on the blue economy sectors, on marine resources and on marine ecosystem services, in cooperation with competent national institutes;  Facilitate access to finance for small scale operators by promoting an increased use of micro-credits and financial instruments (such as loans and guarantee funds). ***Agriculture*** and rural development Commission:  Seek the continuation of the POSEI Regulation5, without prejudice to the negotiations foreseen for the future multiannual financial framework;  Seek to maintain specific provisions for the outermost regions in the European ***Agricultural*** Fund for Rural Development6;  Will, by 1 January 2019, assess the situation of Union banana ***producers***, in the context of assessing the functioning of the banana stabilization mechanism. Outermost regions:  Set up operational groups and pilot projects on themes relevant for them under their European ***Agricultural*** Fund for Rural Development ***programmes*** through the 'European Innovation Partnership Network', promoting investments in new technologies for ***agriculture*** and rural development;  Use and develop the tools of risk management (insurance against economic losses, mutual funds, income stabilization) provided by the European ***Agricultural*** Fund for Rural Development regulation;  Increase the number of recognised Community or national quality schemes for ***agricultural*** products and foodstuffs, encourage the participation of farmers and groups of farmers in these schemes, support the promotion of these products including through the outermost regions' logo on the EU and international markets7. 5 Regulation (EU) No 228/2013 of the European Parliament and of the Council of 13 March 2013 laying down specific measures for ***agriculture*** in the outermost regions of the Union and repealing Council Regulation (EC) No 247/2006. 6 Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European ***Agricultural*** Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005. 7 Regulation (EU) No 1144/2014 of the European Parliament and of the Council of 22 October 2014 on information provision and promotion measures concerning ***agricultural*** products implemented in the internal market and in third countries and repealing Council Regulation (EC) No 3/2008. 5 Biodiversity Commission:  Building on the experience of the BEST initiative, consider providing specific support for the conservation of biodiversity and the sustainable use of the ecosystems services8, including for climate adaptation in the outermost regions and Overseas Countries and Territories in the new EU ***programmes***;  Work together with partners from Overseas Countries and Territories and African-Caribbean-Pacific countries on promoting common objectives in international agreements. Circular economy Commission:  Propose a project topic under the LIFE 2018-2020 work ***programme*** on waste to address the waste management problems encountered by the outermost regions;  Support the outermost regions in becoming testing locations for circular economy pilot projects, in particular in the LIFE ***programme***;  Consider introducing provisions to facilitate the shipments of waste from the outermost regions to neighbouring countries for treatment through the review of the Waste Shipment Regulation foreseen by 31 December 2020. Member States and outermost regions:  Analyse the potential of the circular economy in creating economic development and employment in the outermost regions and identify priority projects, including promoting sustainable tourism;  Enhance appropriate waste management to increase the separate collection of waste materials; develop local compost of organic waste, re-use of products, repair and recycling and encourage waste prevention;  Further improve the promotion of environmentally-friendly practices, including organic farming, and methods of sustainable management of natural resources in ***agriculture*** and forestry through the use of the Common ***Agricultural*** Policy instruments. Climate change Commission:  Strengthen the outermost regions’ dimension in the EU’s instrument for environment and climate action (LIFE), by including outermost regions' preparedness for extreme weather events as a new policy area for Climate Change Adaptation under the 2018-2020 work ***programme***; 8 These are currently funded by the BEST initiative. 6  Launch a preparatory project on climate change adaptation in the outermost regions in 2019 in consultation with Member States and the outermost regions;  Integrate the specific adaptation challenges of the outermost regions in the review of the 2013 EU adaptation strategy;  Increase awareness of the funding possibilities available through the LIFE sub-***programme*** for Climate Action, for mitigation or adaptation purposes, through informing the relevant Member States' national contact points;  Encourage the participation of outermost regions' experts in the development of climate-resilient standards for infrastructure to be performed by the European Standardisation Organisations (ESOs) in 2018-2020;  Assess the implementation of the EU Solidarity Fund in the outermost regions in the context of the 2017-2018 ex-post evaluation of the fund. Member States and outermost regions:  Regularly update the specific needs, risks and vulnerabilities of the outermost regions, including possible adaptation measures, to be tackled in regional or national approaches to climate change adaptation and disaster risk management;  Support exercises, training and exchange of best practices in the context of the EU Civil Protection Mechanism, including in areas relevant to prevention and preparedness and, where relevant, associate the outermost regions' neighbours. Energy Commission:  Develop a database of key characteristics of the outermost regions' energy systems and economies;  Mainstream within the EU and internationally through the Clean Energy for EU Islands initiative the good practices developed by the outermost regions – in particular with regards to financial and regulatory tools and promoting best available technologies. Member States:  Ensure that their legislation and schemes fully support the development of renewable energy and energy efficiency in these regions (e.g organisation of auctions specific for the outermost regions, local taxation schemes, development of electricity grids and storage capacity). National provisions on energy efficiency in the building sector, which transpose the Energy Performance of Buildings Directive9, can be adapted to take into account outdoor climate and local conditions in line with Article 1 of this Directive. Outermost regions:  Take a leading role in the Clean Energy for EU Islands Initiative; 9 Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings. 7  Participate to relevant calls for research projects – such as the call on efficient and clean energy systems of islands, to be launched under the 2018-2020 energy ***programme*** of the EU's research ***programme*** Horizon 2020;  Organise campaigns informing the population and local communities on the payback to invest in renewable and energy efficiency;  Analyse the best renewable energy solutions for electricity, heating and cooling and where relevant transport for each outermost region, the needs for local training ***programmes***, and promote the participation of their experts in EU research ***programmes***. Research and Innovation Commission:  Launch a dedicated Coordination and Support Action (EUR 4 million) in the Horizon 2020 work ***programme*** 2018-2020 to enhance the capacities of the outermost regions to participate in the EU’s Research Framework ***Programme***;  Give particular attention to the outermost regions' assets and specific needs when drawing the future EU Research Framework ***Programmes***. Member States and outermost regions:  Assess the outermost regions' needs for long-term investments in innovation and research;  Take action to increase the visibility of the outermost regions' innovation and research activities to attract private/international funding based on their Smart Specialisation Strategies;  Set up contact points in each outermost region, linked to the National Contact Points, to disseminate information on research opportunities and organise awareness-raising campaigns;  Participate in international research and innovation networks and COFUND10 actions under the Horizon 2020 programme11. Employment, education and training Commission:  Intensify efforts to promote Erasmus+, including Erasmus Pro which is designed to promote mobility for apprentices, in the outermost regions; increase use of existing possibilities and encourage the outermost regions to better exploit these mobility schemes, to strengthen learning exchanges between these regions and third countries – covering higher education and vocational training; 10 Co-funding of regional, national, and international ***programmes*** 11 Based on the positive experience of the project Net biome (2007-2016) on biodiversity and the BiodivERsA Network among EU funding agencies. 8  Promote the European Solidarity Corps for young people in the outermost regions and facilitate their mobility to give them opportunities to support those in need as well as to ease their access to the labour market;  Intensify cooperation with the outermost regions to improve the use of available resources from the European Social Fund and the Youth Employment Initiative to foster employability and skills in particular of the youth, including by strengthening support for successful measures such as the Service Militaire Adapté in the French outermost regions;  Better promote the existing opportunities for capacity building in the area of higher education under Erasmus +;  Apply the specific funding rules for the outermost regions under Erasmus+ ***programme*** to the European Solidarity Corps. Member States and outermost regions:  Further promote mutual learning in their ESF regional operational ***programmes***, through transnational cooperation;  Promote active labour market policies, where relevant, possibly with the help of international financial institutions;  Consider reinforcing or setting up schemes, possibly similar to the French 'International Internship ***Programme***' (French acronym 'VIE'), enabling businesses to give young candidates temporary assignments abroad. Competiveness, entrepreneurship and Single market Commission:  Consider the special needs of the outermost regions' enterprises in new schemes supporting SMEs (current 'COSME' ***programme***) to enhance their competiveness in international markets;  Promote participation of entrepreneurs from the outermost regions and assess the impact of a possible extension of the 'Erasmus for Young Entrepreneurs' ***programme*** to neighbouring countries on the basis of the pilot project allowing exchanges between entrepreneurs from the EU and third countries;  Follow the progress of the outermost regions' integration in the EU internal market via a dedicated monitoring tool within the Single Market Scoreboard12. The results will provide a basis for future action. Member States and outermost regions:  Raise awareness among citizens and businesses in the outermost regions of the single market services and provide dedicated training. Outermost regions:  Enhance the capacity of their businesses to operate in the single market and internationally. 12 [*http://ec.europa.eu/internal\_market/scoreboard/*](http://ec.europa.eu/internal_market/scoreboard/) 9 Digital accessibility Commission:  Encourage the exchange of best practices and information on broadband roll out through the EU network of Broadband competence offices;  Upon the request of the relevant Member States, assess the designing of local or national State aid measures for broadband roll-out to connect areas of market failure. Relevant National Regulatory Authorities:  Continue monitoring the situation of the outermost regions in their market analyses, to detect competition constraints justifying specific regulatory measures. Member States and outermost regions:  Based on market failure, take the opportunity given by the Broadband State Aid Guidelines to support the deployment of broadband, as necessary;  Update and monitor regional broadband strategies and ensure that Broadband Competence Offices are set up to provide assistance to the outermost regions to support broadband roll out;  Mobilise national and regional stakeholders (businesses, social partners, public authorities) through the Digital Skills and Jobs Coalition to improve digital skills. Transport Commission:  Launch a study on the outermost regions' connectivity needs, including needs for EU funding support (from CEF, ERDF and other instruments), for technical assistance (project preparation and financial structuring) and for regulatory improvements and reforms;  Take into account the specific connectivity needs of the outermost regions, when drawing future Connecting Europe Facility work ***programmes*** and reviewing the Connecting Europe Facility Regulation; based on the study and the specific review of needs, enable EU investments in ports and airports in the outermost regions, in duly justified cases;  Consider the outermost regions specific needs when reviewing the Trans-European Transport Network guidelines by 2023, to better meet their connectivity needs in relation to the EU and to their neighbours and identify the missing links and bottlenecks. Examine which outermost region projects can be considered, under specific conditions, as projects of common interest;  Upon receipt of substantiated proposals from the outermost regions: assess the use and effectiveness of the 'start-up aid' for new air routes for these regions as part of any future evaluation of the current State aid rules in the aviation sector; and engage in a dialogue with the outermost regions on the need and possibilities for compliance of aid for new maritime routes towards third countries with State aid rules;  Support the outermost regions in becoming testing locations for sustainable and clean energy transport; 10  In the light of new international developments on a global emission trading system for air transport, assess and review the EU Emissions' Trading System, taking into account the situation of the outermost regions. Outermost regions:  Develop connectivity projects integrated in a regional vision and, at local level, continue testing and developing sustainable mobility solutions. Cooperation with the outermost regions' neighbourhood and beyond Commission:  Consider targeting new EU investments on priority and larger scale projects in the outermost regions’ geographic basins;  Facilitate cooperation between the outermost regions and their neighbours by a closer alignment of rules of the relevant funding instruments and possible setting-up of joint ***programmes***;  Reflect on new means to facilitate and strengthen cooperation initiatives on the basis of the needs and assets of the outermost regions;  Consider targeting EU investments on key projects at regional level, in particular in the area of disaster risk prevention and management, as well as other areas such as environmental protection and waste management, transport and energy in order to achieve economies of scale and rationalise provision of services;  Work closely with relevant EU delegations to facilitate exchanges and projects between the outermost regions, their neighbouring countries and territories, and regional organisations;  Encourage cooperation between the outermost regions and third countries on global issues, including international ocean governance;  Work with the Member States concerned to explore concrete actions for advancing the ocean governance agenda in the respective geographical areas of the outermost regions. Member States:  Use all possible resources, including those available under Cohesion Policy ***programmes***, to achieve better integration of the outermost regions into their geographic environment. Outermost regions:  Actively participate in the 'Smart Islands Initiative'13 to showcase outermost regions as test beds for new solutions and give them access to international expertise;  Exchange information and best practices with regional and international organisations operating in areas that are confronted with similar challenges and develop joint actions. 13   [*http://www.smartislandsinitiative.eu/en/index.php*](http://www.smartislandsinitiative.eu/en/index.php) 11 Trade Commission:  Continue paying special attention to sensitive products from the outermost regions in the framework of trade agreements with third countries;  Help the outermost regions, through current and future EU trade agreements, to maximize the benefits of trade agreements and make the best of trade opportunities in their geographic areas. Member States:  Engage with the outermost regions and inform the Commission of their specific issues at every stage of trade agreements negotiations;  Consider strengthening the coordination of regions' representatives within the EU Member States' delegations taking part in Joint Trade and Development Committees. Outermost regions:  Express their interests and specific concerns through all available tools, including public consultations feeding into impact assessments and ex-post evaluations, and consultations carried out in the framework of the sustainability impact assessments during negotiations. Migration Commission:  Take into account the outermost regions' concerns when negotiating or implementing international agreements and mobility partnerships with these regions and neighbouring countries. Member States:  Maximise the use of EU funding instruments - including the ESF, EAFRD, the Asylum, Migration and Integration Fund and the Internal Security Fund - to help the outermost regions manage migration, ensure security for citizens, inclusion of migrants and protection of children in migration14. For French Guiana and Mayotte, amendments to ***programmes*** could be considered to strengthen crime prevention and internal security. 14 'The protection of children in migration' - COM(2017) 211 final, 12.4.2017

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**End of Document**



[***Pros and cons***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S7W-CXX1-JCF2-252V-00000-00&context=1516831)

Mideast Mirror

May 3, 2018 Thursday

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**Section:** ISRAEL

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**Body**

The fate of the Iran nuclear deal in the aftermath of PM Netanyahu's speech continues to be the main focus of Israeli media today. Israel Hayom and the Jerusalem Post report that in an interview with the BBC on Thursday, UN Secretary-General Antonio Guterres said there was a real risk of war if the deal collapsed. At the moment it appears that President Trump is loath to accept the agreement with Iran and is considering withdrawing from it. Iran has promised to limit its nuclear ***program*** in exchange for lifting sanctions, but the agreement does not prevent it from continuing with its military involvement in the Middle East, and it is doubtful whether it can prevent it from acquiring nuclear weapons in the future, according to the report.

Eldad Beck, Israel Hayom's correspondent in Berlin reports that despite the skeptical European attitude to the information contained in the Iranian nuclear archive revealed by Israel, and their claim that there is no new evidence of violations of the current agreement, German security experts estimate that Tehran has not given up its intention to become a nuclear power. The German daily Tagesspiegel reported on Wednesday that German security sources said that Iran was continuing to develop the military components of the nuclear ***program*** - building a bomb and missiles carrying nuclear warheads. The experts note that Iran continues its efforts to acquire from German high-tech companies components for assembling missiles capable of carrying nuclear warheads.

The Times of Israel reports that Iran's ambassador to Britain said Tehran will consider walking away from the nuclear deal if the United States withdraws from the agreement, in an interview aired Wednesday. Hamid Baeidinejad said Iran would "be ready to go back to the previous situation" if America pulls out of the pact, as threatened by President Trump. "When the United States is out of the deal, it means that there is no deal left," he told CNN's Christiane Amanpour. "Because an important party of the treaty has abrogated and violated in clear terms the treaty." Trump is reportedly poised to scrap the agreement ahead of a May 12 deadline.

Haaretz reports Prime MinisterNetanyahuhas softened his statements about PresidentTrump's ***plans*** regarding thenuclear dealin recent days. Until this week, Netanyahu's conversations with Western diplomats suggested he was convinced Trump intended not to recertify the deal unless it is significantly altered. Some diplomats present in discussions on the matter say the prime minister projected high confidence that Trump does indeed intend to exit the deal and is leaning towards doing so. Over the past few days, however, he has moderated his message in private and public discussions, briefings, and interviews. He has made it clear that the decision is in Trump's hands and that Israel does not yet know what he will ultimately decide. Diplomatic sources believe Netanyahu does not want to take a chance by making clear-cut statements before Trump announces his decision, and that he wants to avoid the perception that Israel is applying pressure or is intervening in sensitive security decisions in the U.S.

Yedioth Ahronoth, Maariv, Haaretz, Ynet, Israel Hayom, and Walla! all report The European Unionand the United Nations' Mideast envoy's condemnation of remarks by Palestinian PresidentMahmoud 'Abbasas "unacceptable" after he suggested in a speech that Jews were historically persecutedbecause of their involvement in money-lending and banking. Citing books written by various authors, 'Abbas argued: "They say hatred against Jews was not because of their religion, it was because of their social profession. So what happened against the Jews across Europe was not because of their religion, it was because of usury and banks."

The UN's Special Coordinator for the Middle East, Nicolai Mladenov, condemned 'Abbas's statement, saying his speech "repeated some of the most contemptuous anti-Semitic slurs, including the suggestion that the social behavior of Jews was the cause for the Holocaust." The UN envoy said that "such statements are unacceptable, deeply disturbing and do not serve the interests of the Palestinian people or peace in the Middle East. Denying the historic and religious connection of the Jewish people to the land and their holy sites in Jerusalem stands in contrast to reality. The Holocaust did not occur in a vacuum, it was the result of thousands of years of persecution. This is why attempts to rewrite, downplay, or deny it are dangerous. Leaders have an obligation to confront anti-Semitism everywhere and always, not perpetuate the conspiracy theories that fuel it."

In unusually blunt language from Brussels, the European External Action Service said in a statement: "The speech Palestinian President Mahmoud 'Abbas delivered on 30 April contained unacceptable remarks concerning the origins of the Holocaust and Israel's legitimacy. Such rhetoric will only play into the hands of those who do not want a two-state solution, which President 'Abbas has repeatedly advocated." The EEAS added: "Antisemitism is not only a threat for Jews but a fundamental menace to our open and liberal societies. The European Union remains committed to combat any form of anti-Semitism and any attempt to condone, justify, or grossly trivialize the Holocaust."

Also Wednesday, Prime Minister Netanyahu slammed 'Abbas's remarks, writing on his Twitter account: "It would appear that once a Holocaust denier, always a Holocaust denier." The Jerusalem Post reports that even Palestinian Authority President Mahmoud 'Abbas's diplomatic friends condemned him. Friends and foes alike blasted 'Abbas as an "anti-Semite" and a "Holocaust denier". The Palestinians tried unsuccessfully to walk back the speech. PLO chief negotiator Saeb Erekat told the official Palestinian news agency WAFA: "President 'Abbas has stressed frequently his respect for the religion of Judaism and that our problem is with who occupies our land." The Israeli left-wing organization Peace Now, which typically accuses Israel of thwarting the peace process, said 'Abbas's speech was "vile," "completely unacceptable, thoroughly offensive, and damaging to efforts to achieve Israeli-Palestinian peace." German Foreign Minister Heiko Maas took to Twitter to declare that it was Germany, not the Jews, who were responsible for the Holocaust.

Meanwhile, Japanese Prime Minister Shinzo Abe met Wednesday with Prime Minister Netanyahu, reportedly telling his host that hestill supports the Iran nuclear deal,despite Netanyahu telling him the accord was "based on lies." Japanese officials told Haaretz that Abe stood behind his country's support for the 2015 agreement. Abe is on a two-day trip to Israel and the Palestinian Authority. The paper also said that the Japanese prime minister stressed his support for the two-state solution and told Netanyahu that Tokyo would not move its embassy to Jerusalem until final status issues are resolved. Abe also asked Netanyahu to rein in settlement construction. Netanyahu and Abe also agreed to work towards initiating direct flights between the two countries.

In political news, Israeli media reports that lawyers for Sara Netanyahu met Wednesday with Attorney General Avichai Mandelblit in a last-ditch attempt to strike a deal and stave off possible prosecution for the misuse of funds at the official residence. Netanyahu's legal representatives proposed that Sara Netanyahu admit to the charges and reimburse the state.In return, the investigation would be closed without an indictment. However, the attorneys were also quoted as saying the sum alleged by investigators was too high and should be reassessed. Netanyahu's legal representatives said that the prime minister's wife was unaware at the time that she was committing an illegal offense and therefore did not knowingly commit a crime. Instead she trusted the financial and administrative teams at the prime minister's residence and the Prime Minister's Office without looking at the details of the spending.

In Gaza, Haaretz reports that the state contends that the demonstrations along the border are part of a state of combat, and therefore it is not possible to apply human rights law to the Open-Fire Regulations. In a response to a petition filed by human rights organizations against the IDF's open-fire regulations, it states that "the open-fire regulations of the security forces are consistent with Israeli law and with international law. The events that underlie the petitions are quite different from the events that traditionally regulate human rights law," the response to the petition claimed, "and the law enforcement of human rights law cannot be applied to them as they are. The state opposes the applicability of human rights law during armed conflict and the Red Cross recognized that it is not obliged to apply them during an armed conflict."

Finally, Israeli companies exported arms worth $9.2 billion in 2017, the highest since the establishment of the State of Israel, the Defense Ministry's defense export division reported Wednesday, an increase of about 40 percent from 2016, when the annual sales tallied at about 6.5 billion dollars. The main target for security export from Israel is Asia and the Pacific, with 58% of all defense exports this year. This is mainly due to Israel's $2 billion deal with India, in which Israel Aircraft Industries will provide India with advanced air defense systems from the Barak 8 family at a sum of $1.6 billion, as well as other components of such systems, such as missiles, launchers, communications and control systems, and radar. The list includes Europe - 21% of total defense exports - followed by North America, Africa, and Latin America.

THE SOLUTION TO KITE TERROR: Colonel (Res.) Ronen Itztik in Israel Hayom professes the IDF's reliance on amazing technologies has eroded its ability to improvise solutions and recommends focusing on the kite operators.

"'The situation has changed,' argue many researchers on the relations between army and society. They mean that the ethos of 'David and Goliath' has been reversed: We, who always felt few against many, and were so identified with David and the stone of the slingshot, have seemingly become Goliath, and to balance the equation, David is the Palestinian, trying to embarrass us with low-tech means. When analyzing the 'kite terror' from Gaza, this new equation is real. After all, what is really happening before our eyes? A powerful, large, technologically advanced army with almost virtuoso capabilities is pitted against individual terrorists, using knives, Molotov cocktails, roadside bombs, and now kites.

So what exactly is the problem? Well, when building a force against anti-tank missiles, advanced airborne capabilities, and an array of secret submarines, one prepares for significant scenarios and sometimes fails to deal with small things. Tiny threats must not be underestimated - many dramatic events have resulted from Molotov cocktails that burned people and fighters to death, and must be given a quick and decisive response.

What should be the answer to this strange threat? It is important to point out that the kite is not the problem and it will not be right to focus on it. The problem is who raises it in the air and directs it toward the ***agricultural*** fields. It is clear that a response of rapid closure between observation and shooting, which is the basis for the use of force in routine security, is the leading response. No technological solution is needed; everything is in the hands of a company commander who carries out his mission, while using initiative and a dab of creativity. What may be worrisome is that this has not been done properly; one must ask why this techno-tactical response does not exist. Are we facing a problem of initiative by the junior fighters, or perhaps relying too much on high-tech has caused the security personnel to seek solutions elsewhere.

A few years ago, Major General Gershon Hacohen wrote an article entitled 'Where has the banditry disappeared in the IDF?' In his article, the general claimed that the IDF has become too cumbersome, while the creativity of the simple field personnel that stems from a bold albeit somewhat 'banditry', is missing today. The cumbersomeness that General Hacohen alluded to is a result of the fact that the forces may have gotten used to finding solutions in advanced systems, in digital systems and in aerial action of unmanned aerial vehicles, while the simple and correct solution is in their hands, and all that is required is to act.

Kite terrorism will not be solved by the air force, nor by Unit 8200. This problem is the bread and butter of the riflemen, who have tools far beyond what is needed to deal with this challenge. The problem is that on the other side there are quite a few 'bandits', lacking sophisticated tools and in a constant shortage of resources and means. Their hunger leads them to creative solutions, and they succeed in embarrassing the IDF with small annoying actions akin to mosquito bites.

'Kite terror' will not alter the fate of the campaign around the Gaza Strip. It is not a 'David sling'. We are faced with an ongoing campaign, which over time created a situation in which the IDF removed from the agenda horrific invasions and the challenge of regular armies in the region. There is currently no army in the area that threatens the State of Israel. But there are quite a few 'bandits' with a lot of motivation, who are only looking to hurt us and undermine the fighting spirit and faith in the righteousness of our way.

If I was not living here I would laugh at these bandits. But the situation does not allow us to be smug - these bandits made us leave Lebanon and Gaza with our tail between our legs, and those same bandits are now trying to change the rules of the campaign. The past has taught me that where the forces in the field did not initiate or were not creative, they found themselves attacked and embarrassed. This must not be permitted to happen. In this matter, the battle is in the hands of the commanders of the companies and battalions, and they should be a bit more 'bandit'-like".

DOUBLE JEOPARDY: Amir Oren in Walla! maintains that the only thing Netanyahu hopes to gain through his speech is saving his own skin by delaying the criminal action against him.

"Prime Minister Binyamin Netanyahu gave an official stamp of approval to Iran's nuclear ***program***. After praising Israeli intelligence's impressive capabilities, for displaying logistical ability and transporting from Tehran half a ton of documents that were rolled into Persian carpets and hidden under bags of pistachio nuts, Netanyahu admitted that this glorious intelligence did not find even a shred of evidence for any current violation of Iranian commitment to the nuclear agreement. Anyone who speaks at length about what happened years ago and about the wonders of intelligence penetration but does not bother to provide a pinch of facts about what happened since the summer of 2015, regretfully confirms that there is nothing to report.

This is an event that has become Netanyahu's custom - a week or two before an important political event, such as elections for the Knesset in Israel or an arbitrary decision in Washington - he delivers a speech about Iran. His appearance this time was a scandal the size of his invasion of Congress in March 2015, where he spoke to intervene in a sovereign American decision. Taking over the evening news broadcast in order to speak in English to a foreign audience should have upset the television channels. You are Israeli - speak Hebrew and answer questions.

In the fall of 2007, when the American intelligence community found out that for four years Iran had stood by its decision to freeze its nuclear weapons ***program***, the 'Amad' project, which was exposed in the IAEA publications, Israel was shocked, but quickly aligned itself with the CIA, at least until Netanyahu arrived. The archive documents will cause General Michael Hayden and his colleagues from the previous decade a great deal of satisfaction - today they can verify their then controversial assertions.

"Iran lied," Netanyahu said, and coined the headline. Lied, past tense. But who does not lie in the nuclear field. From whom did the Iranians learn to lie in this context, and from which language did they translate the lies as mandatory. Netanyahu has no proof that Iran is lying at present, and this is the height of its vileness. There are no bigger cheaters than they are, and now they deliberately refrain from lying. Only arch-crooks can restrain themselves in order to achieve their goal. Historians know that 'Spain lied.' Albeit, this was during the Inquisition, which was studied by a former scholar in the Netanyahu family, but what does it matter, there is no early or late in the Torah.

Netanyahu's test is not what the well-known person of truth, Trump, says, but how the intelligence and army chiefs will testify in Congress, after being unanimous in recent weeks in favor of sticking to the nuclear agreement because Iran is careful not to violate its part in it. Israeli politicians are known for manipulating the intelligence that Israeli professionals collect and research. Military officials are bitter when they are portrayed as collaborating with disrespecting intelligence. They claim that they will distort, but at most emphasize certain points at the request of their seniors and keep silent about others.

The result may be the same for an ear that is not sensitive to subtleties, especially if military intelligence officers are sent on a propaganda campaign. The information security system and the military censor are not the same but share a common logic. Had the media been the one to expose the archive story, it would have been vilified for disclosing a security secret and the Shin Bet security service would have been sent to hunt down the sources. But Netanyahu is allowed. All this, in the hope that the agents will not be harmed, given that Avin prison in Iran is not the tenth wing of Maasiyahu Prison.

The risk to Israel is now double - intelligence methods that may have been exposed will be harmed and global attention will focus on Dimona. From now on, the balance will be to Israel's detriment, but what does Netanyahu care, as long as the discussion of his criminal cases is delayed and finally shelved in the archive?"

THE PROS OUTWEIGH THE CONS: Amos Gilboa on News1 contends that Netanyahu's presentation is an achievement unprecedented in world history, and that his virtues as statesman and orator cannot be ignored.

"Immediately after Netanyahu's big show, a shout was heard among his opponents: A brilliant intelligence achievement, but why was it necessary to present it publicly? It was enough to pass it quietly to the various intelligence services, thereby not exposing the information or harming our intelligence capabilities. It reminded me that in the Six-Day War, Unit 8200 (then by another name) picked up the conversation between Nasser and King Hussein, in which the Egyptian ruler lied to the king (that the Americans were responsible for the attack on his Air Force, and that his planes are attacking Tel Aviv) and urged him to wage war against defeated Israel.

Moshe Dayan, the defense minister, instructed Military Intelligence chief, General Yariv, to publicly publicize the conversation, and Yariv and all the top echelons opposed it on the grounds that it would 'reveal sources', but Dayan insisted: 'There will be no harm if the conversation is broadcast. It will reveal Nasser, it will be excellent for the Americans, who are accused there, and help them refute Nasser's lies, and that will strengthen Israel's image', he said. The conversation was presented by the IDF Spokesperson at a large press conference, and at the same time aired on Israel Radio in Arabic. It became the talk of the day on the Arab street and became a historic landmark.

Anyone who thinks, in this day and age, that an unprecedented intelligence achievement in our intelligence history and in the annals of world espionage, is not worthy of publication, is akin to one who recommends holding a beauty contest behind the scenes and only announce the name of the winner. The public will not be able to see the beautiful winner. The power of such an achievement is in its being overt. Its undoubted advantages far outweigh potential intelligence damage. It has an extraordinary deterrent power against all our enemies. There is a clear warning to anyone who wants to harass us: Be warned, we know! This is an immensely valuable advertisement for relying on Israeli intelligence. It can create food for thought for the world on how debasing and lying Iran is and the basis for the nuclear agreement signed with it in 2015. It can expose Iranian top echelons naked and bare and make them feel paranoid. It can provide ammunition for Trump's public in the U.S. and to anyone who sees Iran as a threat and a danger.

And it should elevate Israel's image in the world. Why? Because amongst us there are those who make a separation, as if the intelligence is separated from the Israeli government, as if they were two different creatures, as if intelligence operates in a vacuum. This is nonsense. Intelligence is the flesh of the state, and perhaps more than anything else embodies its achievements, status and image. It could put an end to the arguments in Israel and the world whether Iran really enriched uranium for civilian purposes (medical, they said) or military. One must understand, there are those who claim that a decade ago they had evidence that Iran was developing military nuclear energy. This is true, but then it was more a matter of estimation and a few fragmented chapters from the Iranian 'bible'. Now Israel comes and presents to the world the whole book of the 'bible', five steps to reach five missiles with nuclear warheads.

If there is something infuriating, it is the argument by politicians who belittle Israel's achievement by saying: 'We were not surprised by Iran's desire to destroy Israel and develop nuclear weapons.' Really? We vividly remember how they attacked Netanyahu for constantly threatening the Israeli people with Iran, accusing him of fearmongering, and what not. And there were quite a few who doubted all the information about Iran's nuclear ***program*** and accused Netanyahu of lies for the purpose of personal survival and the like.

'But there is no violation of the agreement in the information presented by Netanyahu,' rejoice some amongst us, as well as in Europe. True, but there could not have been a smoking gun in the material before 2015. It is clear. At the same time, what would you say about one to whom you gave a loan who at the beginning delivered the monthly repayments and then you discover that he lied to you, that he is a violent criminal, he does not have enough money to repay the loan, and has already conned other naïve persons like yourself? It would feel very bad!

A word about Netanyahu: I dislike his wife's conduct, his 'court', his cravings for free gifts, and 'free food'. But I cannot possibly ignore his virtues as statesman and speaker. Only Netanyahu could have presented such a show to the world as on Monday, May 30. A very complicated subject for a presentation that will be understood by the public. This is a state asset. To this, there is no substitute yet. As Messi is to football, So Bibi is for explaining Israel abroad.

And finally, a brief intelligence explanation. When is there a danger of intelligence exposure? When the enemy does not even know that we have sensitive information (because he is certain that this is the safest information in the world), and we suddenly show the world various revelations based on that sensitive information. The enemy is surprised and begins immediately to check how sensitive information has come into our hands. In other words, in the very act of public exposure, we disclose to the enemy that he has an intelligence breach. In the present case, the situation is completely different. We do not have a situation here where the moment Netanyahu removed the screens, the Iranians rushed to the archive and suddenly discovered that it had disappeared. Of course, they had already discovered it a while after it disappeared, and the panic must have gripped them."

TOO LATE TO ANNUL THE NUCLEAR AGREEMENT: Emily Landau in Globes claims the documents exposed by Israel regarding Iran's nuclear project must change the international discourse, because this is indeed a smoking gun.

"Yes, this is a smoking gun. Let us not be mistaken. Granted, this is not a violation of the nuclear agreement of July 2015, but the new findings presented by Prime Minister Netanyahu on the Iranian nuclear issue, greatly strengthen the smoking gun regarding the fact that Iran has worked in the past on a military nuclear ***program***.

Those who focus only on the intelligence story are quick to say that there is nothing new in what Netanyahu has presented. But they miss the significance of things in the wider discourse. Today, in the face of new evidence that has been revealed, there must be a change in attitude and in the framing of the whole story. In the past, the information contained in the reports of the International Atomic Energy Agency (IAEA) was in doubt: Materials that intelligence officials brought to the attention of the IAEA were defined by it as evidence of a 'possible' military dimension in Iran's nuclear ***program*** and not as 'certain'. The IAEA was forced to examine the findings with Iran, a process that ended only six months after the nuclear agreement. Iran has denied all the way, and to this day, the truth of the findings: 'All lies and fabrications,' Iran said at every opportunity.

If in the past the IAEA had information, for example, about an experiment Iran had conducted that the IAEA estimated could only be explained as an activity related to a military nuclear ***program***, we now have another - certain - confirmation based on the Iranian ***plans*** themselves. These are detailed and explicit ***plans*** to build real nuclear bombs that can be mounted on missiles of varying ranges. These are ***programs*** that could not necessarily be gleaned from IAEA reports.

Over the years, the superpowers' reference to this Iranian activity was strange. In the negotiations on the nuclear agreement of 2015, the powers deliberately did not include the Possible Military Dimension as part of the discussions. They did not compel Iran to confront these suspicions and find out what was in its military ***plan*** before an agreement was reached. The whole case against Iran was based on the fact that it operated a military nuclear ***program*** parallel to the civilian one - thereby violating the Nuclear Non-Proliferation Treaty. So how was it that the issue was completely ignored in the negotiations and the agreement?

The current exposure explicitly states that Iran ***planned*** and is ***planning*** warheads for certain missiles. The new findings further validate that ballistic missiles capable of carrying nuclear weapons cannot be treated as non-nuclear weapons. All along, the Iranians did not agree to discuss their missile ***program***, they always claimed that they needed it for defensive purposes, and of course they added that there is and never was a ***plan*** to build missiles that could carry nuclear warheads. The new revelations reinforce the argument that one of the main goals of international efforts should be to halt or at least delay the Iranian missile ***program***.

The new documents should change the discourse on the Iranian nuclear issue. The IAEA must change its attitude toward Iran. The United States, as the agency's main sponsor, can exert its influence in this regard, especially when there is evidence of Iran's vast industry of fraud and lies surrounding its nuclear ***program***. In the end, only those who are prepared to be convinced can be convinced. European countries, for example, do not want to be convinced that this is a problematic agreement. They think that a great and good deal has been reached. It is also important to remember that the Russians and the Chinese are not interested in a new agreement. The preferred way at this late stage is not to cancel the deal, but to make every effort to persuade the Europeans to strengthen it without reopening it.

Some suggestions: With regard to the missile issue - which is not actually included in the treaty - the powers have space to make new decisions without violating the nuclear agreement. On the subject of monitoring military installations, it is necessary to address clauses that give the Iranians too much room for maneuvering and preparing for Agency visits. The third issue is dealing with the lack of transparency regarding Iran's nuclear activities and its ***plans*** regarding the IAEA. In addition, the sword of sanctions must be maintained and levers of pressure on Iran must be added. A creative way must be found to ensure that the crucial articles do not expire - perhaps through an American-European agreement, as Trump is trying to forge."

ARMY PUSHES AGGRESSIVE LINE AGAINST TEHRAN IN SYRIA: Amos Harel in Haaretz expounds that the IDF believes Iran will not strike back before Trump's deadline on nuclear deal and elections in Lebanon.

"Both the government and the military are sticking to an aggressive policy onIran, arguing that Israel must continue to act in any way possible to stop Iran's military consolidation inSyria. Even after thetwo latest airstrikesattributed to Israel in Syria, on April 9 and April 29, and despite Iran's threats of revenge, there has been no sign of any change in Israeli policy.

The person spearheading this activist policy in the North is Israel Defense Forces Chief of Staff Gadi Eisenkot, whose position is backed by Prime Minister Benjamin Netanyahu and Defense Minister Avigdor Lieberman. Reportedly, no cabinet minister has voiced opposition to the IDF's stance, despite the risks it entails. According to the defense establishment's analysis, Iran continues to send advanced weapons systems to Syria. But these arms are no longer necessarily slated to be passed on to Hezbollah in Lebanon. Instead, they are being used to bolster Iran's military deployment in Syria and may even be meant to prepare an Iranian military response against Israel. For now, however, Tehran seems to be debating over the nature of its promised retaliation against Israel, and even more, over its timing.

One theory being advanced is that Tehran may be reluctant to respond prior to Lebanon's parliamentary elections this coming Sunday and U.S. President Donald Trump's expected announcement on May 12 as to whether his country is quitting the nuclear agreement with Iran. Israel's announcement of the theft of Iran's nuclear archive by Mossad is likely to increase Iranian leaders' embarrassment.

The heads of Israel's defense establishment say their forceful, resolute policy is driven by an urgent need to block Iran's next moves and show Tehran that Israel will not accept a deepening of its presence in Syria. Without such decisive steps, they argue, Iran will be able, within a relatively short time, to set up a network of surface-to-surface missiles, drones, and aerial defense systems in Syria that will be under Iran's exclusive control and complement the armaments it has already given Hezbollah in Lebanon.

Israeli officials also believe the Trump Administration is reconsidering its decision to remove American forces from Syria. For the past few years, America has had about 2,000 special-forces troops and military advisers in Syria to participate in the fight against Islamic State and help Kurdish forces operating in Eastern and Northern Syria. Trump has said repeatedly that he intends to withdraw these forces, but so far, implementation of that decision has been postponed. France, Saudi Arabia and Israel all recently recommended that America defer withdrawing its forces, arguing that a withdrawal would merely bolster Iran's hegemony in Syria and increase Russian and Iranian influence. Several people well-versed in the ongoing talks with the Trump Administration said Trump is likely to approve keeping the U.S. troops there for another six months.

In a conversation with journalists at the Pentagon on Monday, Secretary of Defense James Mattis said that America should continue its efforts to defeat Islamic State. 'What we do not want to do, now that we are on the cusp of winning on the battlefield in terms of taking down the physical caliphate, the geographic caliphate, we do not want to simply pull out before the diplomats have won the peace,' he said. 'So you win the fight, and then you win the peace.'"

MOSSAD'S ACHIEVEMENT IS A DETERRING ***STRATEGIC*** FACTOR: Ron Ben-Yishai in Ynet asserts that when a country located more than 1,000 kilometers away is capable of stealing Iran's secret archive, Iran cannot feel safe.

"While Prime Minister Binyamin Netanyahu'sspeechMonday failed to prove that Iran is violating thenuclear agreementthat it signed with the world powers in 2015, it did prove that Iran had lied to begin with, both concerning the existence of its nuclear ***program*** and concerning its components and its activity to ***produce*** nuclear warheads to install them on missiles. In other words, Iran failed to meet the conditions that served as the foundation for the negotiations that led to the agreement.

When Iran claimed it was not building a nuclear weapon and missile warheads, but only enriching uranium and ***producing*** plutonium (fissile material), it concealed a fundamental fact from the international community and from world powers, which turned the agreement into a misrepresentation: At that time, it was already in advanced stages of ***producing*** nuclear warheads.

The most important value of Netanyahu's presentation is in the publication of the amazing intelligence achievement of obtaining the huge archive and transferring it to Israel. It is hard to assess the magnitude of the operation carried out by Israeli intelligence, and mainly by Mossad, which managed to get its hands on this material. This achievement, which has been verified by the Americans, is a deterring ***strategic*** factor in the conflict with Iran. When another country located more than 1,000 kilometers away is capable of stealing its most secret archive, Iran has to feel vulnerable.

This fact has a negative impact on the regime's prestige and the intimidating image of the Revolutionary Guards, which are in charge of the nuclear ***program***, as well as of the archive. If the Revolutionary Guards are incapable of protecting the nuclear archive, which includes explosive diplomatic and legal material, they are apparently not as intimidating as they thought. That is something Iran's citizens learned on Monday, and it indirectly threatens the regime's survival.

Netanyahu delivered the speech in English as its main goal was to 'help' U.S. President Donald Trump make a decision to withdraw from the nuclear agreement, and primarily to embarrass the Europeans for letting the Iranians deceive them when they signed the agreement in 2015. Netanyahu knows the Europeans would like to stick to the agreement, but they understand that reality has changed following the revelations: They have to close the breaches concerning the supervision of the agreement's implementation and Iran's missile ***program***.

The revelation that the Iranians have already designed a nuclear warhead for a missile, and that they ***plan*** to ***produce*** five warheads, requires new and more serious supervision by the International Atomic Energy Agency (IAEA) over the agreement's implementation. While that does not mean the entire agreement should be cancelled, it does require the Europeans to at least address the concerns that Iran is still secretly developing these nuclear warheads. Iran's missile ***program*** is not part of the nuclear agreement, but as it has become clear that Tehran is ***producing*** a nuclear weapon to install on missiles, it has to be supervised. If Iran refuses, it will have to be put under sanctions.

The conclusions from the prime minister's revelation on Monday are that the five permanent Security Council members and Germany must now demand that Iran sign another agreement limiting its missile ***program*** and allowing tighter supervision within the country. If the Iranians agree, the U.S. will not have to withdraw from the agreement. If the Iranians refuse, the Europeans will have to join the sanctions that the U.S. imposes on Iran and a demand for tighter immediate supervision within military camps in Iran.

The Iranians will likely refuse, and the U.S. will have no other choice but to walk away from the agreement. This will be followed by secret negotiations on amendments. Considering the Iranians' difficult economic situation and the fact that sanctions could lead to the regime's collapse; after the loud and provocative declarations they will quietly look for a compromise, and the Europeans will serve as mediators as usual.

Netanyahu's revelations do not raise the likelihood of war in the region, but rather reduce it. Iran has been embarrassed in the international arena and will not want to carry out additional activities that would lead to further international isolation. The bottom line is that Netanyahu proved the nuclear agreement between the world powers and Iran was based on false data and a false premise concerning the most important component - the weapons ***program***. The Iranians sold the world powers a lie, and the powers fell for it."

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[***-World Bank Group Executive Directors Complete Visit to Countries in Europe and Central Asia***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SF0-S651-JD3Y-Y1CX-00000-00&context=1516831)

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**Body**

In May 2018, ten members of the World Bank Group's Board of Executive Directors (EDs) visited Belarus, Georgia, and Ukraine to experience first-hand the development opportunities and challenges faced by these countries.

The group of EDs also met and exchanged views with authorities, beneficiaries, and other stakeholders on partnership with the World Bank Group.

During their visit to Belarus, the Executive Directors met with Prime Minister Andrei Kobyakov and selected members of the Council of Ministers, to discuss Belarus's development priorities outlined in the recently endorsed Country Partnership Framework (CPF).

The EDs visited projects financed by the World Bank Group, which included a wastewater treatment facility in Berezino; the state-owned enterprise 'Lenta' - Belarus's leading ***producer*** of ribbon, curtains and textile products for technical, medical and industrial purposes; a Thermal Power Plant in Mogilev city, which provides more than 200,000 Belarusians with reliable power supplies; and a forestry nursery which grows new planting stock adapted to climate change.

The EDs had the opportunity to meet with residents in Mogilev and learn about the importance of thermal renovation for apartments, as well as to hear from residents about how they feel about paying for the upgrades. In addition, the EDs visited a housing project of the IFC client company A-100 and learned from private firms about the business environment.

'Our visit to Belarus was very informative and productive. From our meetings with different stakeholders, we learned that all of them highly appreciate the World Bank Group's investments and advice,' said Yingming Yang, the Executive Director for China. 'We are pleased to see that many World Bank Group activities concern policy or institutional support components and help pave the way for structural changes in the country. It also helps us to better appreciate the diversity of both development challenges and pathways for growth in our client countries.'

The visit to Georgia included meetings with President Giorgi Margvelashvili, Prime Minister Giorgi Kvirikashvili and key members of the Cabinet. A separate meeting with the Governor for the World Bank, Minister of Finance, Mamuka Bakhtadze was also held. These meetings were an opportunity for the EDs to hear the country's vision for development and ***plans*** for sustaining macroeconomic stability; exchange views on cooperation with the World Bank Group and ***program*** implementation, and highlight the ***strategic*** shift in the new CPF toward strengthened investment in human capital.

During the visit, the delegation also met with the private sector, ambassadors and World Bank Group staff. The project site visits included: Tblivino (IFC beneficiary), one of the leading Georgian winemaking companies where they heard views on the key challenges of the ***agricultural*** sector and the export potential of the country; Georgia Innovation and Technology Agency, which implements the World Bank supported Innovation Ecosystem Project that aims to increase the innovative activities of firms and individuals across Georgia and their participation in the digital economy; 'Kvarlis Baga' (IFC beneficiary) a dairy farm where they learned about the key challenges and opportunities in the Georgian dairy sector; and selected regional development ***program*** sites and beneficiaries in Telavi, Kakheti Region.

The latter is one of the flagships of Georgia's cooperation with the World Bank and is designed to improve the quality of local infrastructure, promote cultural heritage preservation and sustainable tourism, create job opportunities, and generate public-private partnerships.

At the end of the visit, the delegation met with the Mayor of Tbilisi, Kakha Kaladze, who highlighted the importance of the ongoing urban regeneration and resilience ***program***, and the disaster risk management and climate resilience work the Bank has been supporting in the country.

'We had a very diverse and insightful set of discussions about the impact the World Bank Group is making on the ground and in the lives of Georgian citizens - more than 25 years is an impressive legacy and gives you much to build upon,' said Christine Hogan, Executive Director for Canada, Ireland and the Caribbean countries, about the World Bank Group engagement in Georgia. 'We leave Georgia better equipped to assess future projects as well as the broader World Bank Group regional engagement.'

While in Ukraine, the Executive Directors visited Maidan Square in Kyiv, where the Revolution of Dignity took place, and learned about this critical time which changed the country's direction towards the EU four years ago. During their meeting with the representatives of anticorruption agencies and civil society, the EDs discussed progress in the establishment of a transparent government and the full architecture of anticorruption institutions.

Anticorruption reform, together with the opening of the land market, strengthening the financial sector, and privatization, will not only address medium-term growth bottlenecks, but also provide an important immediate signal to strengthen investor confidence. EDs met with Prime Minister Volodymyr Groysman and members of his cabinet, and with Speaker of the Parliament Andriy Parubiy, to learn about Ukraine's achievements in stabilizing the economy, cleaning up financial institutions, strengthening the energy sector and embarking on transformational changes in pensions and healthcare.

The EDs visited a hospital and talked to doctors and patients to learn more about ongoing transformations in the sector thanks to healthcare reform adopted last year. They also visited a farm and witnessed first-hand the challenges and opportunities inherent to reaching Ukraine's enormous ***agricultural*** potential.

'We had a very productive visit to Ukraine. The meetings we had gave us an impressively deep dive into Ukraine's particular history, progress made, particularly in the last few years, and the challenges for the future,' said Melanie Robinson, Executive Director for the United Kingdom. 'From our meetings with authorities, stakeholders and beneficiaries, we could see the critical role the World Bank Group has played, for Ukraine and its citizens, and the high regard in which the World Bank Group is held as a partner. We now have a better basis on which to make our assessment of our approach over the coming years, as well as the projects and investments that will come to the Board in the future.'

The recent trips to the region by the Executive Directors are invaluable in helping the Board to better appreciate the distinct circumstances and the diversity of the World Bank Group operations in each of the visited countries.

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Single Support Framework for EU support to Jordan

(2017-2020)

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Introduction

Jordan is a resource-poor country, with no oil or gas resources, limited ***agricultural*** land and scarce water resources, with its economy primarily dominated by services (70% of GDP, 75% of jobs) and remittances (14.5% of GDP). Between 2004 and 2015[1], its population has leaped from 5.3 to 9.5 million, of which 31% are not Jordanians and 42% are under 15 years of age. With a total of 2.8 million refugees, Jordan has the 2nd largest number of refugees per capita in the world[2]. Still with these challenges, progress in human development has been outstanding, thanks to consistent levels of spending on education, health, pensions and social safety nets. In nominal terms, GDP per capita increased from USD 1,163 in 2000 to USD 5,422 in 2014. Income inequalities have been attenuated: its GINI[3] coefficient is similar to that of OECD members in average. The regional crisis in Iraq and Syria broke this virtuous circle and compounded Jordan's structural challenges. Since 2011 unemployment is increasing; trade balance deficit was multiplied six-fold, the net public debt has grown from USD 24.86 (80% GDP) in 2012 to USD 34.78 billion (94% of GDP) in 2015; education outcomes are regressing. If its Human Development Index (HDI) value in 2015 was above the average of Arab countries, it has been stagnating since 2012.

The official unemployment rate was 13% in 2015; for people aged 15-24 it reached 26.7% for men and 53.3% for women. Total workforce participation (40%) and women participation in the labour force (12.6%) are among the lowest in the world. Whereas the higher education system has made significant progress in enrolments rates in the past ten years, the highest unemployment rate is among university and college graduates. There is indeed an oversupply of university graduates and a chronic undersupply of skilled craftsmen and technicians, compounded by the negative perception of society towards vocational work. The labour market accommodates a relatively high number of foreign workers crowding out Jordanians from some unskilled and low-skilled jobs. 40 to 45% of employment is estimated to be in the informal sector. To absorb the new entrants into the labour force, Jordan would need to increase employment by an estimated 400,000 jobs by 2020, which would require an average annual GDP growth of 6%.

In recent years, significant improvements were made in the area of justice. The constitutional amendments of 2011 included provisions to reinforce the separation of powers and the independence of a part of the judiciary, creating the Constitutional Court, and establishing the Judicial Council as an independent institution. The Law on the Independence of the Judiciary adopted in 2014 further enhanced the separation of powers between authorities. A law on juvenile justice was adopted the same year, calling for the establishment of specialised juvenile justice system, separate from the adult penal system. In some areas, however, progress remains inadequate, i.e governance of the Judicial Council, access to justice, time of litigation, gender discrimination in cases of domestic violence. Jordan ranks among the less corrupt countries in the Arab world on the Transparency International Index, ranking 57th out of 176 countries in 2016. Yet nepotism and favouritism (wasta) continue to be widespread social practices, especially in the public sector. In the area of human rights a number of setbacks have been reported recently, both on the legislative side and in the implementation. Those include anti-terrorism legislation which in practice has led to a constrained space for media/freedom of speech and reduced space for civil society. Another breaking of the moratorium on the death penalty which was in place from 2006 to 2014 with executions in March 2017, illegal detentions and reported cases of torture have also been witnessed.

While heavily impacted by the Syria crisis and situated in a region in turmoil, Jordan has upheld a remarkable level of stability. Still, it is to be noted that Jordan is the 5th country in the world with the largest number of citizens fighting in Syria and has the 3rd highest ratio of fighters per capita.  On the one hand, and thanks to its preventive security policy, no major incidents took place in Jordan since the 2005 bombing of three hotel lobbies. On the other hand, the several terrorist attacks that occurred in 2016 indicate that threats to security exist and addressing them should remain a priority.

1.       EU Response   1.1       ***Strategic*** objectives of the EU's relationship with the partner country

The stabilisation and resilience building of neighbouring countries, particularly by boosting economic development, are the EU's main political priorities outlined in the European Neighbourhood Policy (ENP) review of 2015 and in the Global Strategy for the European Union's Foreign and Security Policy (Global Strategy)[4]. These are reflected in this ***programming*** document for the period 2017-2020 through increased focus on economic governance, rule of law and social sectors, and on a stronger cooperation on security with Jordan. These are among the joint priorities for cooperation as set out in the ENP review. Jordan has long been a key partner for the EU in the region. This has been reconfirmed through the EU-Jordan Partnership Priorities and the Compact and at the Brussels Conference on the Future of Syria and the Region[5] where Jordan's crucial role is crucial in the context of the response to the Syrian crisis has been underlined including through mutual commitments. Jordan is engaged in countering violent extremism and is also part of the international coalition fighting Da'esh.

Jordan guarantees a safe environment to refugees, including some 658,000 registered Syrian refugees and has provided access to education as well job opportunities, with the support of the international community. Jordan will continue to face resilience challenges over the coming years, with the combination of domestic and regional factors presenting increased risks for stability and development. This Single Support Framework (SSF) is aimed at supporting Jordan in addressing these risks, enhancing resilience and moving forward with improved development perspectives. It is one instrument within the large EU toolbox that focuses on the bilateral relationship in the framework of the European Neighbourhood Policy and the agreed EU-Jordan Partnership Priorities and Compact. For instance, the actions proposed in the SSF are designed in complementarity with humanitarian ***interventions*** and other ***interventions*** as captured in the Joint Humanitarian Development Framework (JHDF).

Also, the External Investment ***Plan*** could be considered for upscaling or complementing Government-***planned*** ***interventions*** (e.g water, transport, waste management).

In 2016, the EU and Jordan agreed on three interlinked priorities within the Partnership Priorities. The first focuses on strengthening cooperation on regional stability, security including counter-terrorism. The second aims at Jordan’s macro-economic stability and enhancing its social and economic development, in line with Jordan 2025: A National Vision and Strategy (hereafter: Jordan 2025), in addition to enhancing Jordan's resilience to deal with the impact of the Syrian crisis. Strongly linked to these two, the third proposed partnership priority focuses on supporting efforts to strengthen governance, the rule of law, democratic reform and human rights.

Beyond the national development objectives, the present cooperation strategy will also aim to help Jordan progressing towards mutually agreed commitments at regional level, which include the joint orientations devised in the framework of the Union for the Mediterranean, notably in the areas of Energy, Transport, Environment, Climate Change, Employment and Women Empowerment.

Joint ***Programming***

The objectives of EU ***programming*** for the period 2017-2020 aims at maximising the impact of EU action by ensuring synergies between the EU and its Member States (including agencies and development banks). EU development partners in Jordan have responded positively to the drafting of a Joint Analysis which should lead to Joint ***Programming***. Though Member States followed closely the drafting of the SSF, it is not yet the product of Joint ***Programming***.

Defining avenues towards an effective division of labour and the synchronisation of ***programming*** cycles and indicative financial allocations will remain challenging given the volatile context and the multiplicity and overlap of ***planning*** tools, financial instruments and coordination structures. Nevertheless, the momentum generated might yield fruits in a near future and reinforce perspective for joint efforts with the Member States and, in line with the Council Conclusions of May 2016 on stepping up Joint ***Programming***, sector analyses will be carried out jointly with Member States to inform ***programme*** design and possibly foster delegated cooperation or joint implementation.

  1.2       Choice of sectors of ***intervention***

The current SSF provides overall continuity from the previous SSF 2014-2017 and builds on the achievements of and lessons learned from its implementation, in particular the important advances made through EU-funded ***programmes*** in the justice sector, democratic governance, private sector development and the management of energy and natural resources. As far as the latter is concerned, given the strong pick up in renewable energy generation from the private sector it has been decided to discontinue support under ENI bilateral financing. The other SSF's areas of ***intervention*** remain valid and feature within the new sectors of ***intervention***. Moreover, in view of the situation on the ground and of regional and global developments, regional security and the fight against terrorism and violent extremism now feature among the priority sectors in the SSF 2017-2020.

Each of the proposed priority sectors under the SSF stems directly from the EU's revised Neighbourhood Policy and the Partnership Priorities. Resilience and stabilisation are the overarching political priorities of the EU cooperation with Jordan. These are to be advanced through a continued focus on good governance and rule of law, enhancing economic development, stronger cooperation on security and cooperation to preventing radicalisation. In line with the new European consensus on development[6], a rights-based approach to development cooperation, encompassing all human rights, will be implemented in all ***interventions***. In the same context and linked to the approach fostering innovation under the SSF ***interventions*** will take advantage of the potential of digital technologies to leverage impact.  Focus on youth will be ensured across different areas of ***intervention*** as it is critical to achieving inclusive, equitable and sustainable development for present and future generations. The priority sectors under the SSF are fully in line with key objectives in the government's ***strategic*** ***planning*** documents, in particular Jordan 2025. Moreover, the EU Gender Action ***Plan***[7], the EU Jordan Mobility Partnership signed in 2014[8] and the EU Country Roadmap for engaging with Civil Society will be duly taken into account in implementing the SSF.

The 'fewer and bigger approach', concentrating EU assistance on a few ***strategic*** sectors through a limited number of major ***programmes***, was initiated under the previous SSF and will be pursued with a view to maximise impact and limit transaction costs.. Five budget support ***programmes*** were phased in between 2014 and 2017. They will be evaluated at mid-course to assess the opportunity to remain engaged in related sectors.

Sector 1:         Enhancing Jordan’s social and economic development (indicative 60% of total budget)

'For a country like Jordan that lacks mineral resources or other natural advantages, prosperity, stability, and well-being depend almost entirely on the talents of its enterprises and its people' says Jordan's Human Resources Development Strategy 2016-2025. Resting on four pillars (i) early childhood education and development (ii) basic and secondary education (3) technical and vocational education (4) higher education, the Strategy 'will ensure current and future generations develop the skills and capability they need to live happy and fulfil lives, and collectively realise the ambition of a prosperous and resilient Jordan.' Against the background of an influx of around 200,000 additional Syrian children in school age since 2012, with the vast majority enrolled in the public school system, continuing supporting basic and secondary education is critical as education outcomes are regressing and infrastructure is crumbling. Particular attention will be given to the quality of education and to a proper learning environment. A new phase to the on-going technical and vocational education ***programme*** could be envisaged as a result of the mid-term evaluation set for 2018. In the area of social protection, particular attention will be given to existing social protection and poverty reduction policies and instruments, with a focus on the performance of social safety nets. Assistance will be provided as well to improve the quality of social services provided to the vulnerable categories.

Although the government places private sector development at the core of its strategy to address current economic and social tensions, international indices show that overall the quality of the business environment has deteriorated significantly in recent years. Research and innovation figure prominently in Jordan 2025, confirming the vision of the Jordan National Innovation Strategy 2013-2017 to 'create an innovation-based economy in Jordan'. In this context, EU assistance may be extended to support innovation ecosystems and promote further cooperation between research and innovation centres and small and medium enterprises. Jordan 2025 identifies eight priority clusters to drive growth and job creation[9]. A particular focus should be put on initiatives contributing to enhancing the resilience of vulnerable economic sectors to the impacts of climate change – a potential multiplier of the current socio-economic pressures in the country in the near future.

Support could also be extended to enhance the quality and occupational value of higher education given the high unemployment rates amongst university graduates, the imperative to ensure linkages with the industrial and service sectors but also the critical contribution of universities in increasing national research and innovation capacities. In this respect, Jordan's participation to the Erasmus+ ***Programme*** and the Horizon 2020 could be instrumental. The EU will continue to support the development of the private sector with the view of creating the conditions to enhance its growth, attract investment, including from Jordanian diaspora, promote job creation and facilitate access to the European markets. In particular, the EU will accompany the Government and the private sector in the implementation of the recent EU-Jordan decision on the relaxation of the Rules of Origin regime[10]. Support to facilitate and monitor its implementation will be continued and lessons learned will be instrumental for the mid-term review of the new scheme, set for 2020.

Sector 2:         Strengthening the rule of law (indicative 20% of total budget)

Jordan's Justice Sector Reform Strategy 2017-2021 aims to strengthen judicial independence, support and institutionalise the policy dialogue that contributes to a more efficient judicial system by introducing structural changes, simplifying the procedures and improving the information technology infrastructure of the courts. With a strong focus on family law and individual rights, Jordan's Comprehensive National ***Plan*** for Human Rights 2016-2025 lays the ground for reform in order to live up to most international standards. It intends to develop a national policy for the protection and promotion of human rights and fundamental freedoms and to cement the national accomplishments achieved in that field.

Building on previous ***programmes***, the EU will assist the Government of Jordan in enhancing the rule of law by upholding democratic principles, in particular the principles of separation of powers, right to a fair trial and access to justice, including for migrants and refugees in Jordan[11]. Fully acknowledging Jordan's security concerns and objectives[12], the EU has confirmed that security and human rights objectives are mutually reinforcing. Efforts will therefore be exerted to enhance dialogue between justice and security actors, associating civil society organisations as well. To that end, the recommendations of the Royal Committee on strengthening the rule of law in Jordan and the key goals of the Comprehensive National ***Plan*** on Human Rights provide an appropriate framework.

Sector 3:         Upgrading border management and preventing violent extremism (indicative 10% of total budget)

The terrorist attacks that occurred in 2016 indicate that threats to security exist and addressing them should remain priority. The regional spill over of violent extremism should be taken into account, but domestic factors contributing to violent radicalisation are also important. Security is a new area for EU-Jordan bilateral cooperation. Within the EU-Jordan Partnership Priorities, the Jordanian authorities agreed to include the strengthening of the cooperation on regional stability, security including counter-terrorism. To develop a coherent approach, increase the visibility of the EU in this field and to further implement the conclusions of the Counter-Terrorism workshop of March 2016, the EU should articulate its support mainly around one ***programme*** which could be integrated border management.  This would also allow the EU to work with all relevant security agencies at the same time, promote an integrated approach and avoid potential dispersion of actions.

The EU and Jordan also agreed on operational conclusions including counter-terrorism, fight against violent extremism and radicalism, border management and aviation security as priorities of cooperation for the years to come. To promote stability and development these topics will have to be channelled through a holistic approach, which addresses root causes and avoids inadvertently exacerbating drivers of violent extremism. This means entailing a rule of law perspective in security issues with a focus on respect of human rights and fundamental freedoms, as well as the inclusion of other ***strategic*** horizontal issues, such as the empowerment of women and youth. Moreover, a contribution to the implementation of the Government's strategy on countering violent extremism, once approved, will be considered. 2.   Financial overview

The indicative allocation for 2014-2020 is EUR 567.0 million - EUR 693.0 million.

The indicative allocation for 2017-2020 is EUR 335.5 million - EUR 410.1million

The indicative breakdown by sector is the following:

|  |  |  |
| --- | --- | --- |
| SSF 2017-2020 | Indicative amounts | % of total allocations |
| Sector 1: Enhancing Jordan?s social and economic development | EUR 201.3 million ? EUR 246.0 million | 60% |
| Sector 2: Strengthening the rule of law | EUR 67.1 million ? EUR 82.0 million | 20% |
| Sector 3: Upgrading border management and preventing violent extremism | EUR 33.6 million ? EUR 41.0 million | 10% |
| Complementary support for capacity development | EUR 16.8 million ? EUR 20.5 million | 5% |
| Complementary support for civil society | EUR 16.8 million ? EUR 20.5 million | 5% |

Jordan may benefit from supplementary allocations provided under the umbrella ***programmes***. Such supplementary allocations will be granted on the basis of progress towards deep and sustainable democracy and implementation of agreed reform objectives contributing to the attainment of that goal. Jordan is also eligible for support under a number of other EU instruments, such as the Instrument Contributing to Stability and Peace[13], EU Humanitarian Aid[14], CFSP measures and CSDP missions and operations, the European Instrument for Democracy and Human Rights[15], the Partnership Instrument[16], the Instrument for Nuclear Safety Cooperation[17], Macro-Financial Assistance[18], Development Co-operation Instrument thematic ***programmes***[19] and external actions under EU internal ***programmes*** e.g research and innovation (Horizon 2020)[20], energy, transport, education and youth (Erasmus+)[21] and culture (Creative Europe)[22].

  3.   EU support per sector (max. 3 pages) 3.1       Sector 1: Enhancing Jordan’s social and economic development (indicative 60% of total budget)

3.1.1    The following overall and specific objectives will be pursued:

The overall objective is to contribute to the development of an equitable and inclusive society in Jordan.

The specific objectives will be:

Specific Objective 1       To contribute to the reduction of unemployment amongst Jordanian youth through education and private sector development

Specific Objective 2       To contribute to the reduction of income and social inequalities.

3.1.2    For each of the specific objectives the main expected results are:

For Specific objective 1: Improved basic and secondary education; Improved technical and vocational education; Strengthened innovation ecosystems; climate change resilience and adaptation taken into account in policy development and ***planning***.

For Specific objective 2: Enhanced policy framework and governance of the social protection system; Improved quality of social services through professionalising social workers; Strengthened role of civil society organisations in the development, monitoring and evaluation of social protection policies.

3.1.3    For each result, the main indicators are:

For Specific objective 1: Percentage of satisfaction amongst teachers, pupils and parents; Jordan's scores in TIMSS and PISA[23]; Proportion of teachers who are licensed (disaggregated by gender); Proportion of students following technical and vocational paths in post-secondary education; Percentage of firms offering formal training; Jordan ranking on the Venture Capital & Private Equity Country Attractiveness Index; Number of patents applications and registrations, spin-out companies, joint ventures and technology licenses (disaggregated by gender); Number of new companies established by young entrepreneurs

For Specific objective 2: Proportion of grievance and redress cases raised under the social cash transfer ***programme*** recorded in the Monitoring and Information System (MIS); Proportion of social protection ***programmes*** utilising the single registry; Proportion of social workers who have occupation licenses; Proportion of referred cases of gender and sexual based violence against women and children that are investigated and sentenced; Proportion of associations that exchange data and information with the Ministry of Social Affairs and among each other; Number of research and policy papers submitted by associations and their coalitions

3.1.4    Donor coordination and policy dialogue are:

For Specific objective 1:    The education donor consultation group has been established in 2012 during the second phase of the education reform ***programme*** led by the Wold Bank. Currently it is being co-chaired by the United Kingdom and Germany and meets every 3 months ad minima. The group focuses on the education system at large, the Syrian refugee situation and school construction. Coordination has culminated in the establishment of a Common Results Framework between donors and the Ministry; the EU is financing the independent monitoring missions reviewing progress in the sector. Coordination and policy dialogue in the area of technical and vocational education is nascent as donors showed interest in the sector only recently. It takes place within the framework of the on-going EU budget ***programme***. The informal private sector development donor coordination group is meeting twice a year and is currently chaired and coordinated by the EU Delegation. The chair function is rotating among the donors. More involvement of the Government in the private sector development coordination will be sought. Close cooperation is taking place between the EU, several Member States, the World Bank and the United States of America to facilitate the implementation of the new agreement on the Rules of Origin and foster Jordanian exports to Europe.

For Specific objective 2:    Coordination and policy dialogue in the area of social protection is taking place within the framework of the response to the Syria crisis, more particularly through the joint sector task forces established in 2015 by the Government and gathering the line ministry, key donors, United Nations agencies and civil society organisations.

3.1.5    The partner country's authorities financial and policy commitments are:

For Specific objective 1:    Jordan's key asset is its human capital and its educated youth. The Human Resources Development Strategy 2016-2025 marks a renewed commitment of the country to reform the education system despite the pressure exerted by a massive influx of refugees from neighbouring countries. In terms of budget allocation, education is one of the top priority sectors within the Executive Development ***Plan*** 2016-2018 (6th out of 13 sectors) and the Jordan Response ***Plan*** for the Syria Crisis 2017-2020 (1st of 13 sectors). Donors have committed to cover the costs borne by the Ministry of Education to provide education to Syrian children until the school year 2018/2019. Early 2016, the Government approved the 'Jordan Holistic Approach to the Syrians Crisis', renewing its commitment made in the National Entrepreneurship and SME Growth Strategy 2014-2018 to foster private sector development, through improving the business environment and boosting domestic and foreign investments. To that end, it relies extensively on the technical and financial assistance of the international community.

For Specific objective 2:    Jordan social protection policy framework remains fragmented, with a myriad of ***programmes*** implemented by the public and non-profit sectors. If key legislations have been promulgated recently to address specific vulnerable groups (2014 Juvenile Law, 2017 Law on the rights of persons with disabilities), the founding law of the Ministry of Social Development dates back to 1956. Although the Ministry's expenditures are due to decrease by 11% between 2014 and 2018, Jordan's social assistance expenditures as a percentage of GDP appear significantly high compared to other countries in the region (2.4% in 2014 against 0.6% in Tunisia or 0.7% in Saudi Arabia). Social protection ranks 2nd out of 13 sectors in the Jordan Response ***Plan***.

3.1.6    Environmental assessment

When needed, the appropriate type of environmental assessment will be carried out[24]. Objectives related to climate adaptation, resilience and mitigation will be taken into account throughout the ***intervention***.

3.1.7    The overall risk assessment of the sector ***intervention*** is:

For Specific objective 1:    For Education, the main risks are (i) fragmented reform system, multiplicity actors operating and insufficient government coordination; (ii) sufficient financial resources are not allocated; (iii) lack of public trust in the Strategy (iv) the Ministry is reluctant or unable to involve parents and teachers. For Innovation, the main risks are (i) fragmented innovation ecosystem, multiplicity of strategies and actors and insufficient government coordination; (ii) lack of legislative framework and low investment in research and development; (iii) limited capacity and participation of public and private stakeholders to support innovation initiatives; (iv) brain drain of innovative and creative people; (vi) weak access to finance and support for innovative start-ups; (vii) limited interaction between academia and business.

For Specific objective 2:    The main risks are (i) commitment and access to information; (ii) commitment to gender equality; (iii) reluctance of external stakeholders to create pressure for positive reforms; (iv) the Ministry is reluctant or unable to implement reform and to involve non-governmental organisations (NGOs). 3.2       Sector 2: Strengthening the rule of law (indicative 20% of total budget)

3.2.1    The following overall and specific objectives will be pursued:

The overall objective is the enhancement of the rule of law in Jordan by upholding democratic principles, in particular the principles of separation of powers, right to a fair trial and access to justice.

The specific objectives will be:

Specific Objective 1       To contribute to the development of a more independent, transparent, accountable, accessible and efficient justice system

Specific Objective 2       To contribute to ensure a human and fair treatment of citizens subject to judiciary proceedings

3.2.2    For each of the specific objectives the main expected results are:

For specific objective 1: Enhanced independence of the judicial power; A more efficient, transparent and integrated criminal justice sector gradually integrating the crimes against national security in line with Jordan's international human rights commitments; Improved service delivery through the support to the modernisation and management of the judiciary and security sectors

For specific objective 2: Improved conditions and reduced ill treatment in penitentiary institutions and police custody; A system of alternative sanctions is in place as well as an enhanced capacity of rehabilitation and reintegration mechanisms for inmates; A justice system that fully safeguards the universal human right to a fair and impartial trial, as established in international conventions is in place

3.2.3    For each result, the main indicators are:

For Specific objective 1: Public perception of judicial independence; Percentage of all detainees who have been held in detention for more than 12 months awaiting sentencing or a final disposition of their case; Availability of performance guidelines and of a performance monitoring system that holds judges accountable for unnecessary delays in proceedings, case backlog, or absenteeism; Availability of free legal assistance for indigent defendants including refugees (disaggregated by gender).

For Specific objective 2: Number of violent deaths per 1,000 prisoners (disaggregated by gender); Proportion of judicial implementation of alternative sanctions; Jordan ranking for the subfactor - Due process of law and rights of the accused.

3.2.4    Donor coordination and policy dialogue are:

In addition to the EU, the most important donor in the justice sector is USAID, which has been financing large-scale ***interventions*** for several years. Other donors are France, the United Kingdom, Germany, Denmark, the Netherlands, and Sweden. The EU chairs a donor coordination group and promotes policy dialogue. Broad involvement of the government, civil society organisations, the bar association, is essential. The EU Delegation also leads the human rights working group with EU Member States, which convenes twice a month.

3.2.5    The partner country's authorities financial and policy commitments are:

Recently, successive actions have been carried out to improve standards and legislation in the sector. In spite of the current regional crises the state has raised its commitment to enhance the level of governance and rule of law standards. Commitment to reform the justice sector is reflected in the current Justice Sector Reform Strategy which has recently been reprioritised and enhanced through the recommendations issued in 2017 by the Royal Committee on the rule of law. In recent years some steps have been taken to incorporate international standards on human rights inside national legislation. A Comprehensive National ***Plan*** for Human Rights 2016-2025 does lay the ground for reform in order to live up to these standards.

3.2.6    Environmental assessment

When needed, the appropriate type of environmental assessment will be carried out.

3.2.7    The overall risk assessment of the sector ***intervention*** is:

The main risks are (i) lack of commitment by the government to implement the national strategies on justice reforms and human rights; (ii) insufficient capacity from key stakeholders to implement and monitor the reforms. A close monitoring by donors and ongoing policy dialogue with the government will help mitigate these risks. 3.3       Sector 3: Upgrading border management and preventing violent extremism (indicative 10% of total budget)

3.3.1    The following overall and specific objectives will be pursued:

The overall objective is to contribute to counter the terrorist threat, the return or transit of foreign fighters and the associated transnational crime and to address in an inclusive way (governmental and non-governmental actors) the root causes leading to violent extremism. The specific objective will be:

Specific Objective 1:     To strengthen the overall integrated smart border management including counterterrorism capacity of national security agencies and organisations, in particular Law Enforcement Agencies and Border Guards

Specific Objective 2:     To enhance Government's efforts to prevent and counter violent extremism and support local actors' resilience and capacity for customised approaches and strategies

3.3.2    The main expected results are:

For Specific objective 1: National security agencies and organisations are able to counter the flow of foreign fighters and transnational crime in compliance with national legislation and international law; Agencies are able to quickly respond to security incidents, including at the border, in a coordinated and rapid way; Integrated border management approach as already partially practiced at sea-side and at the main international airport is expanded to all border crossing points.

For Specific objective 2: Enhanced institutional capacities to coordinate, implement and monitor the responses to violent extremism; Effective government response in priority areas of vulnerability deriving from the National Strategy; Strengthened local capacity to identify, design, and coordinate community responses to prevent violent extremism; Enhanced state-citizen relationship in priority areas through a right balance between centralised and decentralised approaches

3.3.3    For each result, the main indicators are:

For Specific objective 1: Number of integrated (intra-service and inter-agency) risk analyses conducted; number of detected cases related to the flow of foreign fighters and transnational crime; Effectiveness and number of joint communication and command structures established; Effective intra-service and inter agency law enforcement; Effective cooperation with the private sector (carriers, freight forwarders, customs brokers etc.) in the field of movements of persons and/or goods number of detected incidents on the one hand and facilitation (decreased required time) of the border crossing for unsuspicious passengers and goods

For Specific objective 2: Indicators will be extracted from the National Strategy for Preventing and Countering Violent Extremism due to be approved by the Government in 2017

3.3.4    Donor coordination and policy dialogue are:

In 2014, in the context of the EU-Jordan Association Council, Jordan and the EU concluded that security and the fight against terrorism are a priority in their partnership. In March 2016, at the EU-Jordan workshop on security and counter-terrorism, four areas of cooperation were identified, notably countering violent extremism (CVE), countering the financing of terrorism, aviation and border security and new challenges such as human trafficking, foreign terrorist fighters and firearms smuggling. Besides, in line with the EU Global Security Strategy, continuous dialogue between the EU and Member States is taking place at least monthly at the Security Operational Reference Group. Quite understandably, there are no forum between the Government and the international community on this topic. An informal technical donor coordination group on CVE has been recently established by the EU, the United Kingdom and the US.

3.3.5    The partner country's authorities financial and policy commitments are:

Jordan's financial commitment is significant. Military expenditures represented 4.3% of GDP in 2015, against an average of 2% for upper middle income countries. In 2016, military expenditures represented 31% of current expenditures. The estimated manpower is at least 110.000 in the military, 40.000 in the public security department and more than 20.000 in the Gendarmerie and Civil Defence Department – in addition to the General Intelligence Department. As an important part of the Jordanian efforts are a direct consequence of the regional security situation and its commitments within the international coalition countering terrorism, Jordan expects that the strategies and ***plans*** it draws for its security apparatus will continue to receive international community's support.

3.3.6    Environmental assessment

When needed, the appropriate type of environmental assessment will be carried out.

3.3.7    The overall risk assessment of the sector ***intervention*** is:

The main risks are (i) borders, most likely the eastern and northern ones, become military zones, where no civilian authorities have a clear and authoritative mandate and a military logic is predominant; (ii) no real preparedness to initiate a regular intra-service and interagency cooperation in the form of intra-service management of processes and regular interaction between Government's security agencies; (iii) absence of gender-based approach in the management of human resources. 4.   Complementary support for capacity development and institution building

Complementary support for capacity development and institution building will be included to address essential elements of good governance, other than those addressed through the sector ***interventions*** mentioned above and in line with the priorities expressed in the EU-Jordan Partnership Priorities and Compact. An important area which deserves further support is transparency in the use of public resources. EU's ***interventions*** may particularly aim at enhancing the integrity and the transparency of public procurement and fostering parliamentary oversight throughout the budget cycle. The Jordan Department of Statistics (DoS) will ***produce*** updated indicators on poverty, labour force and other related subjects, fostering accurate monitoring on the basis of reliable data. Thanks to international statistical cooperation Jordan is improving the quality of its data, which will foster transparency. With a view to build confidence in the integrity and fairness of the procurement system, the EU may assist in rationalising the current legislative and regulatory framework; establishing a central institution for policy-making functions in the area of public procurement; providing capacity building for the private and public sectors in public procurement and introducing effective complaint mechanisms for challenging procurement decisions. On parliamentary oversight, the EU may assist in increasing the scope of legislative scrutiny of budgets and in improving the timing of the scrutiny of audit reports[25].

Jordan has adopted a National Integrity Charter accompanied by an Executive ***Plan*** to enhance the National Integrity System in the Kingdom. Its ambition is to address public demand for fighting corruption, favouritism and nepotism, but a number of economic and political reforms related to strengthening public confidence in the state are also set to follow. Some of the critical components of successful ***programs*** have been those that placed emphasis on promoting access to information, civil service reform, civil society participation, and advocacy. 5.       Measures in favour of civil society

Working strategically with civil society including social partners will allow fine-tuning actions to local realities, achieving a more reliable risk analysis, and subsequently more sustainability and legitimacy of EU ***programmes***. Civil society will therefore be systematically involved in policy dialogue and consulted in all sectors of ***intervention*** and support will be streamlined in the three aforementioned priorities. Given the importance of civil society in the provision of social and judiciary services, if human rights will be streamlined within the rule of law's ***intervention***, specific support will be provided through the European Instrument for Democracy and Human Rights and the European Endowment for Democracy to contribute to the implementation of the EU Jordan Human Rights and Democracy Strategy 2016-2020.

Through this Civil Society provision, a specific allocation of 5% will be earmarked for targeted support to the implementation of the EU Gender Action ***Plan*** and the EU Civil Society Roadmap for Jordan. This is envisaged through a two-pronged ***programme*** aiming at, on the one hand enhancing women economic empowerment and on the other hand, contributing to an active, vibrant and pluralistic civil society in rural areas by strengthening community-based organisations including access to culture. If relevant, additional support will continue to be provided through the Civil Society Organisations / Local Authorities in Development ***programme*** under the Development Cooperation Instrument (DCI). Attachments

* Sector of ***intervention*** framework

1. Indicative timetable for commitment of funds

 Attachment 1.           Sector of ***intervention*** framework [26]

|  |  |  |
| --- | --- | --- |
| Sector 1:         Enhancing Jordan?s social and economic development |  |  |
| Specific objective 1: To contribute to the reduction of unemployment amongst Jordanian youth through education and private sector development |  |  |
| Expected Results | Indicators[27] | Means of verification |
| a) Improved basic and secondary education | a1) Percentage of Grade 1-10 aged children enrolled in schools Baseline (2015): Total 98%; Male: 97%; Female: 98%; Syrian refugees: 61.6% Target (2020): Total: 100%; Syrian refugees: 80% | Annual Report from the Human Resources Development (HRD) Results and Effectiveness Unit |
|  | a2) Jordan's scores in TIMSS and PISA Baseline: TIMSS (2011): Science 449, Math 406; PISA (2012): Science 409; Math 386, Reading 399 Target TIMSS (2019) Science 489, Math 446; PISA (2018) Science 439, Math 416, Reading 429 | a2) TIMSS: International Association for the Evaluation of Educational Achievement   PISA: OECD |
|  | a3) Proportion of teachers who are licensed (disaggregated by gender) Baseline (2016): 0% Target (2020): 20% of new teachers | a3) Annual Report from the HRD Results and Effectiveness Unit |
| b) Improved technical and vocational education | b1) Proportion of students following technical and vocational paths in post-secondary education Baseline (2010): &lt; 11% Target (2020): 16% | b1) Annual Report from the HRD Results and Effectiveness Unit |
|  | b2) Percentage of firms offering formal training Baseline (2013): 3.4% Target (2020) 19.7% | b2) World Bank Enterprise Survey |

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| --- | --- | --- |
| c) Strengthened innovation ecosystems | c1) Jordan ranking on the Venture Capital & Private Equity Country Attractiveness Index Baseline (2016): Rank 59, Score 54.8 Target to be determined | c1) Venture Capital & Private Equity Country Attractiveness Index Annual Report[28] |
|  | c2) Ranking on Global Competitiveness Index Baseline (2014): 64 Target (2017) 60; (2021) 55 | c2) World Economic Forum Global Competitiveness Report |
|  | c3) Number of patents applications Baseline (2015): 140 Target to be determined | c3) Annual statistical country profile issued by the World Intellectual Property Organisation[29] |
|  | c4) Number of new companies established by young entrepreneurs Baseline and target to be determined | c4) Ad hoc report issued by the EU technical assistance |
| Specific objective 2: To contribute to the reduction of income and social inequalities |  |  |
| Expected Results | Indicators[30] | Means of verification |
| a) Enhanced policy framework and governance of the social protection system | a1) Proportion of grievance and redress cases raised under the social cash transfer ***programme*** recorded in the MIS Baseline and target to be determined | a1) Ad hoc report issued by the EU technical assistance |
|  | a2) GINI Index Baseline (2014): 37.6 Target (2021): 31.0 | a2) Department of Statistics |
| b) Improved quality of social services through professionalising social workers | b1) Number of social workers who have occupation licenses Baseline (2017): 600 Target (2021): 1200 | b1) Ad hoc report issued by the EU technical assistance |
|  | b2) Proportion of referred cases of gender and sexual based violence against women and children that are investigated and sentenced Baseline and target to be determined | b2) Ad hoc report issued by the EU technical assistance |

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| --- | --- | --- |
| c) Strengthened role of civil society organisations in the development, monitoring and evaluation social protection policies | c1) Number of associations that exchange data and information with the Ministry of Social Affairs and among each other Baseline (2017): 30. Target (2021): 60 | c1) Ministry of Social Affairs |
|  | c2) Number of research and policy papers submitted by associations and their coalitions Baseline and target to be determined | c2) Ad hoc report issued by the EU technical assistance |

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| --- | --- | --- |
| Sector 2:         Strengthening the rule of law |  |  |
| Specific objective 1: To contribute to the development of a more independent, transparent, accountable, accessible and efficient justice system |  |  |
| Expected Results | Indicators | Means of verification |
| a) Enhanced independence of the judicial power | a1) Public perception of judicial independence Baseline and target to be determined | a1) Ad hoc report issued by the EU technical assistance |
|  | a2) Jordan score on the Status Index, Rule of Law ? Independent judiciary Baseline (2016) Score 6 Target to be determined | a2) Bertelsmann Stiftung?s Transformation Index Report[31] |
| b) A more efficient, transparent and integrated criminal justice sector gradually integrating the crimes against national security in line with Jordan's international human rights commitments | b1) Percentage of all detainees who have been held in detention for more than 12 months awaiting sentencing of their case, as per Jordanian legislation and international human rights standards Baseline and target to be determined | b1) Ad hoc report issued by the EU technical assistance |
|  | b2) Availability of performance guidelines and of a performance monitoring system that holds judges accountable for unnecessary delays in proceedings, case backlog, or absenteeism Baseline and target to be determined | b2) Ad hoc report issued by the EU technical assistance |
| c) Improved service delivery through the support to the modernisation and management of the judiciary and security sectors | c1) Number of people directly benefitting from legal aid ***programmes*** supported by the EU (disaggregated by gender) Baseline and target to be determined | c1) Ad hoc report issued by the EU technical assistance |

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| --- | --- | --- |
| Specific objective 2: To contribute to ensure a human and fair treatment of citizens subject to judiciary proceedings |  |  |
| Expected Results | Indicators | Means of verification |
| a) Improved conditions and reduced ill treatment in penitentiary institutions and police custody | a1) Number of violent deaths per 1,000 prisoners (disaggregated by gender) Baseline and target to be determined | a1) Annual report of Amnesty International[32], Annual Human Rights Report of the US State Department[33], Statistics of World Prison Brief[34] |
| b) A system of alternative sanctions is in place as well as an enhanced capacity of rehabilitation and reintegration mechanisms for inmates | b1) Proportion of judicial implementation of alternative sanctions Baseline and target to be determined | b1) Ad hoc report issued by the EU technical assistance |
| c) A justice system that fully safeguards the universal human right to a fair and impartial trial, as established in international conventions is in place | c1) Jordan ranking for the sub-factor - Due process of law and rights of the accused Baseline (2016): Regional Rank 3/7; Global rank 82/113 Target to be determined | c1) World Justice Project - Rule of Law Index, Factor 4: Fundamental Rights[35] ( |

|  |  |  |
| --- | --- | --- |
| Sector 3:         Upgrading border management and preventing violent extremism |  |  |
| Specific objective 1: To strengthen the overall integrated smart border management including counterterrorism capacity of national security agencies and organisations, in particular Law Enforcement Agencies and Border Guards |  |  |
| Expected Results | Indicators | Means of verification |
| a) National security agencies and organisations are able to counter the flow of foreign fighters and transnational crime in compliance with national legislation and international law | a1) Number of integrated (intra-service and inter-agency) risk analyses conducted in view of mitigating negative impact and structurally reducing specific cases; number of detected cases related to the flow of foreign fighters and transnational crime Baseline and target to be determined | a1) Ad hoc report issued by the EU technical assistance |
| b) Agencies are able to quickly respond to security incidents, including at the border, in a coordinated and rapid way | b1) Effective government response in priority areas of vulnerability deriving from the National Strategy Baseline and target to be determined | b1) Ad hoc report issued by the EU technical assistance |

|  |  |  |
| --- | --- | --- |
| c) Integrated border management approach as already partially practiced at sea-side and at the main international airport is expanded to all border crossing points | c1) Effective intra-service and inter agency law enforcement (number of reported cases, criminal and commercial records) Baseline and target to be determined | c1) Ad hoc report issued by the EU technical assistance |
|  | c2) Effective cooperation with the private sector (carriers, freight forwarders, customs brokers etc.) in the field of movements of persons and/or goods number of detected incidents on the one hand and facilitation (decreased required time) of the border crossing for unsuspicious passengers and goods Baseline and target to be determined | c2) Ad hoc report issued by the EU technical assistance |
| Specific objective 2: To enhance Government's efforts to prevent and counter violent extremism and support local actors' resilience and capacity for customised approaches and strategies |  |  |
| Expected Results | Indicators | Means of verification |
| a) Enhanced institutional capacities to coordinate, implement and monitor the responses to violent extremism | Number of individuals directly benefitting from EU supported ***programmes*** that specifically aim to support cve, peace building and/or crisis/conflict prevention | UNODC Homicide Statistics   Annual progress report issued by the competent authority |
| b) Effective government response in priority areas of vulnerability deriving from the National Strategy |  |  |
| c) Strengthened local capacity to identify, design, and coordinate community responses to prevent violent extremism |  |  |
| d) Enhanced state-citizen relationship in priority areas through a right balance between centralised and decentralised approaches |  |  |

Attachment 2.      Indicative timetable for commitments of funds

The indicative allocation for 2014-2020 is EUR 567.0 million - EUR 693.0 million.

The indicative allocation for 2017-2020 is EUR 335.5 million - EUR 410.1million

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Indicative allocation | 2017 (EUR M) | 2018 | 2019 | 2020 |
| Sector of ***intervention*** ? Enhancing Jordan?s social and economic development | 60% EUR 201.3 million ? EUR 246.0 million | 53 | X | X | X |
| Sector of ***intervention*** ? Strengthening the rule of law | 20% EUR 67.1 million ? EUR 82.0 million | 20 | X |  |  |
| Sector of ***intervention*** ? Upgrading border management and preventing violent extremism | 10% EUR 33.6 million ? EUR 41.0 million |  | X | X |  |
| Complementary support for capacity building and institution building | 5% EUR 16.8 million ? EUR 20.5 million | 8 |  |  | X |
| Complementary support in favour of civil society (if applicable) | 5% EUR 16.8 million ? EUR 20.5 million | 7 | X | X | X |
| Total Commitments | 100% | 88 |  |  |  |

[1]     Data from the last census. Non-Jordanians include migrants and registered refugees.

[2]     Of which 664,118 refugees (Syrian, Iraqi, Somali, Sudanese, Yemeni) registered with UNHCR (as of 2015, latest global data available) and 2,175,491 Palestine refugees registered with UNRWA.

[3]     The Gini Coefficient is a proxy for income or wealth distribution of a nation's residents, and the most commonly used measure of inequality.

[4] [*http://www.eeas.europa.eu/archives/docs/top\_stories/pdf/eugs\_review\_web.pdf*](http://www.eeas.europa.eu/archives/docs/top_stories/pdf/eugs_review_web.pdf)

[5] Decision n° 1/2016 of 19 December 2016 of the EU - Jordan Association Council agreeing on the EU-Jordan Partnership Priorities, including the Compact; [*http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1501065843569&uri=CELEX:22016D2388*](http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1501065843569&uri=CELEX:22016D2388)

[6] The New European Consensus on Development – 'Our World, Our Dignity, Our Future, Joint Statement by the Council and Representatives of the Governments of the Member States meeting within the Council, the European Parliament and the European Commission: [*https://ec.europa.eu/europeaid/sites/devco/files/european-consensus-on-development-final-20170626\_en.pdf*](https://ec.europa.eu/europeaid/sites/devco/files/european-consensus-on-development-final-20170626_en.pdf)

[7] [*https://europa.eu/capacity4dev/public-gender/minisite/eu-gender-action-****plan****-2016-2020*](https://europa.eu/capacity4dev/public-gender/minisite/eu-gender-action-plan-2016-2020)

[8] [*http://europa.eu/rapid/press-release\_IP-14-1109\_en.htm;*](http://europa.eu/rapid/press-release_IP-14-1109_en.htm;)

[9]     Construction and Engineering, Transport and Logistics, Tourism and  Events, Healthcare, Life Sciences, Digital and Business Services, Educational Services, Financial Services.

[10] Decision N° [1]/2016 of the EU-Jordan Association Committee of 19/07/2016 amending the provisions of Protocol 3 to the Euro-Mediterranean Agreement establishing an Association between the European Communities and their Member States, of the one part, and the Hashemite Kingdom of Jordan, of the other part, concerning the definition of the concept of 'originating products' and the list of working or processing required to be carried out on non-originating materials in order for certain categories of products, manufactured in dedicated development zones and industrial areas, and connected with generating employment for Syrian refugees and Jordanians, to obtain originating status. Decision N° [2]/2016 of the EU-Jordan Association Committee of 19/07/2016 proposing actions by the EU-Jordan Association Committee regarding the implementation of the relaxation of the rules of origin. [*http://eur-lex.europa.eu/search.html?qid=1501065487627&text=eu-jordan%20agreement%20on%20rules%20of%20origin%20association%20committee&scope=EURLEX&type=quick&lang=en*](http://eur-lex.europa.eu/search.html?qid=1501065487627&text=eu-jordan%20agreement%20on%20rules%20of%20origin%20association%20committee&scope=EURLEX&type=quick&lang=en)

[11] Prosecution rates and instances of appeal to higher courts are extremely low - National Anti-Trafficking Committee, 2015

[12]    Most recently in the context of the EU-Jordan Association Committee (19 July 2016) and the EU-Jordan sub-committee on human rights (24 October 2016)

[13] [*http://ec.europa.eu/dgs/fpi/documents/140311\_icsp\_reg\_230\_2014\_en.pdf*](http://ec.europa.eu/dgs/fpi/documents/140311_icsp_reg_230_2014_en.pdf)

[14] [*http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=URISERV%3Ar10001*](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=URISERV%3Ar10001)

[15] [*http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014R0235*](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014R0235)

[16] [*http://ec.europa.eu/dgs/fpi/documents/pi\_mip\_annex\_en.pdf*](http://ec.europa.eu/dgs/fpi/documents/pi_mip_annex_en.pdf)

[17] [*http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014R0237*](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014R0237)

[18] [*https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/international-economic-relations/macro-financial-assistance-mfa-non-eu-partner-countries\_en#documents*](https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/international-economic-relations/macro-financial-assistance-mfa-non-eu-partner-countries_en#documents)

[19] [*http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014R0233*](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014R0233)

[20] [*http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013R1291*](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013R1291)

[21] [*http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32013R1288*](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32013R1288)

[22] [*http://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX%3A32013R1295*](http://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX%3A32013R1295)

[23]    TIMSS: Trends in International Mathematics and Science Study; PISA: ***Programme*** for International Student Assessment.

[24]    See guidelines [*https://europa.eu/capacity4dev/t-and-m-series/document/integrating-environment-and-climate-change-eu-international-cooperation-and-development-tow*](https://europa.eu/capacity4dev/t-and-m-series/document/integrating-environment-and-climate-change-eu-international-cooperation-and-development-tow)

[25]    The latter aspect is particularly relevant as it is part of general conditions on budget transparency and oversight that needs to be fulfilled for Jordan to maintain its eligibility to budget support.

[26]    The results, indicators and means of verification presented in this Annex are indicative. They will be specified in the corresponding action documents which will be elaborated annually for adoption by the Commission.

[27]    References: a1 to b2: A National Strategy for Human Resources Development 2016-2025, Appendix B; c2: Jordan 2025: A National Vision and Strategy, Second Section.

[28]    [*http://blog.iese.edu/vcpeindex*](http://blog.iese.edu/vcpeindex)/

[29]    [*http://www.wipo.int/ipstats/en/statistics/country\_profile*](http://www.wipo.int/ipstats/en/statistics/country_profile)

[30]    References: a2, b1, c1: Jordan 2025: A National Vision and Strategy, Second Section.

[31]    [*http://www.bti-project.org/en/index/*](http://www.bti-project.org/en/index/)

[32]    [*https://www.amnesty.org/en/countries/middle-east-and-north-africa/jordan/*](https://www.amnesty.org/en/countries/middle-east-and-north-africa/jordan/)

[33]    [*https://www.state.gov/j/drl/rls/hrrpt/*](https://www.state.gov/j/drl/rls/hrrpt/)

[34]    [*http://www.prisonstudies.org/country/jordan*](http://www.prisonstudies.org/country/jordan)

[35]    [*http://data.worldjusticeproject.org*](http://data.worldjusticeproject.org)/

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**Body**

GKN plc (the "Company")

Legal Entity Identifier: 213800QNZ22GS95OSW84

 Classification of Information: 1.1 Annual financial and audit reports

GKN plc2017 annual report

GKN plc has today published its 2017 annual report and circular to shareholders incorporating the notice of the 2018 annual general meeting.  Both documents can be viewed at or downloaded from[*http://www.gkn.com/en/investors/*](http://www.gkn.com/en/investors/).

Copies of both documents, together with the form of proxy for the 2018 AGM, have been submitted to the National Storage Mechanism and will shortly be available for inspection at[*http://www.morningstar.co.uk/uk/NSM*](http://www.morningstar.co.uk/uk/NSM).

Printed copies of these documents have today been posted to shareholders who have requested hard copies.

The 2018 AGM will be held at 2.00 pm on Thursday 3 May 2018 at 195 Piccadilly, London W1J 9LN.

In compliance with DTR 6.3.5, a description of the principal risks and uncertainties, details of related party transactions and a responsibility statement prepared for and contained within GKN's 2017 annual report are set out below.  A condensed set of financial statements were appended to GKN's 2017 full year results announcement issued on 27 February 2018, which included an indication of important events that occurred during the year.

Page references below refer to page numbers in GKN's 2017 annual report.

Risk Management

The Board is responsible for setting the Group's risk appetite and ensuring that appropriate risk management systems are in place.

The Board sets the Group's risk appetite annually and reviews the Group's principal risks throughout the year as part of its normal agenda, adopting an integrated approach to risk management by regularly discussing principal risks. In addition, in the middle and at the end of each year, the Board assesses the Group's principal risks through our enterprise risk management (ERM) ***programme*** described below, taking the strength of the Group's control systems and our appetite for risk into account. We have a risk matrix which ensures that, between the Board and its committees, all the Group's principal risks are reviewed during the course of the year.

The Board delegates responsibility for day-to-day risk management to the Executive Committee, including the identification, evaluation and monitoring of key risks facing the Group and the implementation of Group-wide risk management processes and controls. The Executive Committee is supported in this by its Sub-Committee on Governance and Risk.

The Audit & Risk Committee keeps the effectiveness of the Group's risk management systems under review and reports to the Board on the results of its review. Any material control issues, serious accidents or major commercial, financial or reputational issues, or the identification of new risks, are reported to the Board and/or Audit & Risk Committee as appropriate.

In the final quarter of 2017, executive management carried out a thorough investigation into potential accounting misstatements in Aerospace North America (see page 26). In response to the findings of this investigation, we considered the impact on our principal risks and our internal control and risk management system. Where relevant, we updated our principal risks, as set out below, and commenced a targeted improvement ***plan*** to address identified issues and further strengthen our risk management systems.

Our risk management procedures clearly let us down in 2017, so we are strengthening our cultural, organisational and people capability to ensure that we do not have similar issues again.

How GKN manages risk

The Group has four levels of defence through which it manages significant risks.

Level 1: Risk ownership and control

Our businesses are responsible for maintaining an effective risk and control environment as part of day-to-day operations under the direction of the Chief Executive and the Executive Committee. This includes implementation and regular monitoring and review by divisional management of processes and controls which are designed to ensure compliance with the Board's appetite for risk, Group policies and delegated authority levels, and the GKN Code. These front line controls are regularly updated to respond to the Group's changing risk profile.

Level 2: Monitoring and compliance

Group functions monitor adherence to the procedures set out by the Executive Committee and provide guidance to the businesses on their application. This includes ongoing reviews by our health and safety audit team, Group IT and financial control functions as well as our trade compliance function. Representatives of these functions report their findings to the Executive Sub-Committee on Governance and Risk or directly to the Executive Committee. The Sub-Committee reports twice a year to the Executive Committee on matters relating to the Group's governance, risk management and assurance framework, including areas of concern or proposals for improvement.

Level 3: Independent assurance

Independent assurance over the Group's risk management, control and governance processes is provided by the Group's Corporate Audit team, the Head of Risk and external assurance providers.

Level 4: Oversight

The Board, Executive Committee and Audit & Risk Committee provide oversight and direction in accordance with their respective responsibilities, more information on which is set out in the governance section of this annual report.

Our ERM ***programme***

GKN's enterprise risk management (ERM) ***programme*** facilitates a common, Group-wide approach to the identification, analysis, and assessment of risks and the way in which they are managed, controlled and monitored.

1.   Identify and analyse: A broad spectrum of risks is considered through the ERM process. The Executive Committee and the Board review the output from ERM at both divisional and Group levels.

2.   Manage and mitigate: Management controls designed to monitor and mitigate the risks are documented. Risk owners are assigned for each risk.

3.   Assess: The ERM process provides a consistent set of definitions and a common approach to risk evaluation and assesses both risk likelihood and impact.

4.   Respond: The risk response is based on the assessment of potential risk exposure and an acceptable level of tolerance. The response reflects whether we 'accept' the risk on the basis of its assessed level of exposure and mitigating controls currently in place, or 'reduce' the risk through additional mitigation to bring it in line with required levels of tolerance.

5.   Monitor: The output from the ERM process is regularly reviewed together with the ongoing monitoring of progress against ***planned*** improvement actions.

Principal risks and uncertainties

The Board has carefully considered the type and extent of the principal risks to the Group achieving its objectives and delivering a satisfactory return for shareholders. These are summarised below, categorised according to the ***strategic*** objective to which they relate most closely. We seek to carefully manage risk, while at the same time recognising that we need to take some risk to achieve our stated objectives of transforming our business and achieving world class financial and operational performance.

In February 2018 the Group announced a new strategy (see page 7). We have reassessed our principal risks in light of the objectives of this new strategy and updated them accordingly, describing the impact, where relevant, below.

Over time, our risk profile evolves and the Board's view of the principal risks facing the Group is updated accordingly. Each principal risk is described on the following pages together with the corresponding mitigating actions that are in place and an overview of the risk trends during 2017 and the outlook for each risk into 2018.

Risk trend

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|  | **Improve cash flow and margin**  Deliver improved cash flow and margins across the Group. | **Grow**  Grow the 'improve' segments in line with market, and grow the 'grow' and 'develop' segments above the market. | **Separate**  Operationally now and formally when it maximises shareholder value. |
| Increasing | ·  People capability | ·     Technology and innovation |  |
| Stable | ·     Highly competitive markets  ·     Customer concentration  ·     Product quality  ·     Health and safety  ·     Information systems resilience  ·     Laws, regulations and corporate reputation | ·  ***Programme*** management  ·  Supply chain  ·  Contract risk | ·  Pension funding  ·     Operating in global markets |
| Reducing |  |  |  |

People capability

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| **Description**  The Group's ability to deliver its strategy is dependent on the recruitment and retention of sufficiently qualified, experienced and motivated people.  It is critical for the Group to secure and maintain the relevant capabilities in specific geographical regions and disciplines in both existing markets and to support growth markets.    **Potential impact**  The failure to recruit, or the loss of, key personnel, and the failure to ***plan*** adequately for succession  or develop the potential of employees may impact the Group's ability to deliver its ***strategic*** and financial objectives. | **Mitigation**  Competitive reward packages together with focused training and development ***programmes***.  A culture that motivates individuals to perform to the best of their abilities.  Strong succession and development ***programmes***.  Local initiatives designed to engage young people, promote science, technology, engineering and mathematics (STEM) subjects and encourage the next generation of young engineers. | **Changes in 2017 and outlook**  Attracting and retaining talent has been challenging during the year, with increasing turnover at management level in certain divisions and regions, particularly in North America.  As part of our new strategy announced in February, we confirmed the Group's intention to dispose of some non-core businesses and to split the remaining businesses when the time is right. While we are confident this approach will maximise shareholder value, it is natural that some uncertainty will be created for certain employees within the Group which may challenge our ability to recruit and retain talent in the short term.  During the year we rolled out performance management training to over 3,300 managers, as well as linking management reward more closely to our performance evaluations; however, we ***plan*** to go further in 2018. As a part of Project Boost, we have realigned our management incentive schemes more closely to the operational and financial focuses of the Group as outlined in the new strategy. We are confident that the closer correlation between performance and reward will help us retain our best talent and recruit additional talent.  In addition to the measures announced with our new strategy, during 2017 we established two recruitment Centres of Excellence in the US and UK. These will improve control, visibility and consistency across our recruitment process, and are ***producing*** encouraging early results.  The recruitment and development of young engineering talent continues to be a focus. This is supported by Group-wide and divisional graduate ***programmes*** and a strong apprenticeship ***programme***.  We develop and align resources and capabilities through the Group-wide organisation ***planning*** process. We are implementing a functional competency framework to further improve the process of defining and assessing levels of competency in key functions across the Group. |

Highly competitive markets

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| **Description**  GKN operates in highly competitive markets with customer decisions typically based on price, quality, technology and service. Contracts for major ***programmes*** are subject to highly competitive bidding processes and the strength of our competitors and general market conditions continue to drive pricing pressure and challenging contractual terms.  Our margins may come under pressure if competition increases or as a result of customer actions. An inability or delay in developing or maintaining sufficient or appropriate engineering and manufacturing capabilities in our markets could further increase the risk.  Customer vertical integration (including OEMs taking production in-house), the entry of new competitors and the consolidation of existing competitors also contribute to increased competition.    **Potential impact**  Competition risk, if not addressed, could result in reduced sales and profit margins and potentially lost growth opportunities. An inability to secure new business awards on major ***programmes*** could significantly impact future growth, cash flow and profitability. | **Mitigation**  ·  Maintaining a balanced portfolio of businesses across different end markets provides some protection against competition in particular markets.  ·  Regular review of competition and market trends.  ·  Targeted investment in engineering, and a commitment to Lean manufacturing, quality and customer relationships.  ·  Flexible management of our variable and fixed-cost base including outsourcing and low-cost sourcing initiatives where appropriate. | **Changes in 2017 and outlook**  Strong competition and customer pricing pressures have continued throughout 2017. Aerospace margins continue to experience pressure from existing competitors, as well as emerging ones, such as the maturing Chinese aerospace industry. In GKN Driveline, change is being driven by the high growth electric and hybrid automotive vehicle markets, as well as rising costs of raw materials. Despite these challenges, we continue to win new business and differentiate ourselves through our technology.  We have continued a GKN-wide fixed-cost optimisation ***programme*** and taken actions to progressively redirect expenditure towards productivity improvements. Within the aerospace division, the integration of Aerostructures Europe and Fokker Technologies into GKN Aerospace, Aerostructures and Systems Europe and Asia was announced in October 2017 aiming to improve customer focus and operational efficiency. Project Boost will further strengthen the competitive position of the Group.  GKN Driveline has continued to benefit from improved ***strategic*** and customer alignment following its reorganisation into two global product lines at the end of 2016. |

Customer concentration

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| **Description**  There is significant customer concentration in the automotive and aerospace industries so a large portion of the Group's revenues comes from a relatively small number of customers. Around 50% of the Group's revenue is derived from its top ten customers.    **Potential impact**  The insolvency of, damage to relations with, or significant worsening of commercial terms with a major customer could seriously affect the Group's future results, and could result in loss of market share and future business opportunities, asset write-offs and restructuring actions. | **Mitigation**  ·  Regular review of the Group's relations with and exposure to key customers.  ·  Extensive and regular dialogue with key customers and strong commercial and engineering relationships.  ·  Quality, service and delivery performance are regularly reviewed based on customer KPIs.  ·  Credit exposure is actively reviewed and managed. | **Changes in 2017 and outlook**  There have been no significant changes in the OEM customer landscape with the proportion of business from the Group's top ten customers remaining stable during 2017. No individual customer accounts for more than 10% of Group revenue.  Because most of our major OEM customers are within the automotive and aerospace industries it is unlikely that the disposals of non-core businesses as outlined in our strategy will affect this risk in the short term. |

Product quality

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| **Description**  Maintaining a high level of quality and safety in our products is essential. We are exposed to warranty, product recall and liability claims in the event that our products fail to perform as expected.  In automotive, the industry in general has experienced higher levels of recalls in recent years and the OEMs often seek contributions from throughout the supply chain. This risk increases where:  ·  vehicle manufacturers offer longer warranty periods;  ·  more vehicles are being built on standard platforms, so a single quality issue can affect a large number of vehicles;  ·  more complex products are involved, such as electric and all-wheel drive; and  ·  regulators and our customers are taking a more stringent approach to recalling vehicles, particularly if there is a possible safety issue.  In aerospace, customers and regulators impose very strict product safety and quality obligations on all aircraft suppliers.    **Potential impact**  A product failure could result in serious losses, damaging GKN's financial performance and potentially our reputation. In particular, the costs associated with vehicle or aircraft recalls can be significantly higher than the cost of simply replacing defective products. | **Mitigation**  ·  Robust engineering design and validation processes from initial design and development through production and into service.  ·  High levels of quality assurance are embedded in robust manufacturing systems.  ·  Ongoing assessments of supply chain quality.  ·  Regular reporting and monitoring of quality performance based on customer KPIs.  ·  Maintenance of critical parts lists.  ·  External agency quality reviews and certifications.  ·  Robust contract terms and conditions. | **Changes in 2017 and outlook**  Excellence in quality has continued to be a priority during the year with continuous improvement ***programmes*** ongoing in each of our businesses. We continue to monitor quality and delivery performance as viewed by our customers and strive to continuously improve product quality, safety and delivery key performance indicators.  Our cross-divisional Quality Committee has introduced an annual quality control checklist and started a process of peer reviews to accelerate the sharing of best practice. During 2017 we have intensified the rigour of certain key controls and processes around product quality, and have also put in place the foundations for an enhanced quality  auditing ***programme***. |

Health and safety

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| **Description**  Safety is our number one priority. We manage safety carefully through extensive Group-wide processes, yet we recognise we can never be complacent. Therefore we continue to include this as a principal risk and an area which will always be a priority for GKN.    **Potential impact**  A serious accident in the workplace could have a major impact on employees as well as their families, colleagues and communities. Such an incident could also result in legal claims, reputational damage and financial loss. | **Mitigation**  ·  Consistent Group-wide application of health and safety ***programmes***.  ·  Regular reporting and monitoring of health and safety performance.  ·  Health and safety audits to ensure adherence to Group policies and procedures.  ·  A focus on process and behavioural safety through a number of Group-wide risk assessment and training ***programmes***.  ·  Maintenance of insurance for costs associated with injury-related actions or claims against the Group. | **Changes in 2017 and outlook**  Regrettably, there was one fatality during the year - see page 42 for further details. A full investigation has been carried out and lessons learned have been incorporated into our processes and systems Group-wide.  After several years of reduced accident rates the Group's AFR and ASR increased slightly during 2017 compared to 2016. We continued to increase our near-miss reporting as a key leading indicator of our health and safety performance.  Our global contractor accreditation ***programme*** has been successfully piloted in 2017 with ***plans*** to roll out globally in 2018. Hazard awareness and risk assessment ***programmes*** continued with a particular focus on identifying and addressing potential catastrophic hazards.  We have also made good progress through  the year in preparing for the roll out of  ISO 45001 (Occupational Health and Safety Management). |

Information systems resilience

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| **Description**  The Group could be impacted negatively by information technology security threats including unauthorised access to intellectual property or other controlled information. Interruptions to the Group's information systems could also adversely affect its day-to-day operations.  The inherent security threat is considered highest in GKN Aerospace where data is held in relation to civil aerospace technology and controlled military contracts.    **Potential impact**  A major disruption to information systems could have a significant adverse impact on the Group's operations or its ability to trade. The loss of confidential information, intellectual property or controlled data could result in fines and damage to the Group's reputation, and could adversely affect its ability to win future contracts. | **Mitigation**  ·  Formal risk-based governance framework including dedicated IT security policies and related compliance processes, ongoing risk reviews, IT security awareness training and robust systems and processes to manage access, information assets, threats and vulnerabilities.  ·  External support and benchmarking of best practice information systems security and resilience.  ·  Ongoing development of appropriate incident detection and response ***plans*** and capabilities.  ·  Disaster recovery contingency ***plans*** which are regularly tested including data centres where the risk is deemed to be the greatest.  ·  Executive Committee oversight of IT security and assurance matters. | **Changes in 2017 and outlook**  The Group has continued to strengthen its mitigating processes and controls over the security of our information systems. During 2017, we completed a project to ensure compliance with new US Government information security standards at all relevant sites across the Group. We have also prepared for a 2018 project which will focus on further strengthening system segregation between office environments and manufacturing areas. A ***programme*** to introduce automated vulnerability scanning was also successfully introduced during 2017.  Our information systems will be a key enabler during 2018 as we roll out Industry 4.0 and increase the pace of our automation agenda as a part of Project Boost. |

Laws, regulations and corporate reputation

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| **Description**  The Group is subject to applicable laws and regulations in the global jurisdictions and industries in which it operates. This includes certain territories where strong ethical standards may not be well established or where parts of the markets in which we operate are highly regulated. Regulations include those related to export controls, environmental and safety requirements, product safety,  tax laws, intellectual property rights, competition laws and other ethical business practices.    **Potential impact**  Non-compliance could expose the Group to fines, penalties, damage to reputation, suspension or debarment from government contracting or suspension of export privileges. | **Mitigation**  ·  A strong culture of 'doing the right thing' which is regularly emphasised by senior management.  ·  Group-wide governance policies and procedures, ongoing compliance training and strong oversight.  ·  Ongoing monitoring of regulatory developments in major jurisdictions.  ·  Ongoing monitoring of employee concerns through our independent employee disclosure hotline. | **Changes in 2017 and outlook**  There have been no significant new regulations impacting the Group during 2017, but our markets continue to be subject to robust enforcement activities in relation to existing regulations, particularly in relation to vehicle safety.  We continue to regularly remind our senior managers about the importance of 'doing the right thing' in all our activities. We emphasised its importance to all senior managers as part of our divisional leadership conferences and as an integral part of the GKN DNA. We also continue to rely on our GKN Governance Handbook to remind employees of our key Group policies and procedures, and during 2017, launched refresher training on export controls and anti-bribery.  During the year, GKN has started to prepare for the implementation of the European General Data Protection Regulation ('GDPR') which will become fully enforceable in the EU member states as from 25 May 2018.  In response to the findings of our North American Balance Sheet Review, we have commenced a detailed improvement ***plan*** to address identified issues and prevent similar issues occurring in the future (see page 26). |

Technology and innovation

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| **Description**  Developing innovative technologies for our customers is critical to maintaining our differentiation and competitive advantage. We may lose market share or be subject to additional market pressure if we fail to develop innovative technologies that our customers want or need.    **Potential impact**  The failure to launch new products, new product applications or derivatives of existing products to meet customer requirements could have a significant impact on future profitable growth. | **Mitigation**  ·  Regular assessment of market and technology trends and drivers.  ·  Close relationships and technical partnerships with customers.  ·  Divisional technology ***plans*** aligned to emerging and future trends and business strategy.  ·  Technical leadership and promotion of engineering best practice by our Engineering Fellowship.  ·  Regular review of current and future technology ***plans*** by the Group Technology Strategy Board.  ·  Consideration of technology ***plans*** as part of the Board's annual strategy review.  ·  Focused investment in research and development. | **Changes in 2017 and outlook**  During 2017, the pace of change has continued to increase. This is especially true in our automotive business where products are also becoming more complex.  We continue to invest in technology and develop internal capabilities to help meet customers' expectations for improving efficiency of aircraft, cars and other vehicles with solutions that are lighter and more fuel-efficient. We monitor developments and refresh our eDrive strategy regularly.  We have continued to diversify into targeted areas of new technology including additive manufacturing, bionic tooling and vehicle electrification. We have continued to prioritise our projects around automation and data exchange as we move toward Industry 4.0.  A key part of the Group's new strategy (page 7) is differentiated capital allocation models across our main product segments. This will enable us to direct the investment of capital towards the areas of our business where returns will be greatest. This new approach to capital allocation will help us maintain our early leadership positions on technologies which we see as key to our markets in the future, such as eDrive and additive manufacturing. It will also enable us to get the most out of more mature segments of the business by investing where there is opportunity to grow in a way which boosts margins and returns. |

***Programme*** management

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| **Description**  Many of the ***programmes*** entered into by the Group are complex and long term and are subject to various performance conditions which must be adhered to throughout the ***programme***. The management of such ***programmes*** brings risks related to:  ·  delays in product development or launch schedules;  ·  failure to meet customer specifications or predict technical problems;  ·  inability to manufacture on time for the start of production or to required production volumes;  ·  dependence on key or customer-nominated suppliers;  ·  failure to manage effectively internal or customer-driven change; and  ·  inability to forecast accurately and to manage costs.  ·  **Potential impact**  Ineffective ***programme*** management could result in damage to customer relationships or cancellation of a contract resulting in claims for loss and reputational damage.  Poor performance against a contract could also undermine the Group's ability to win future contracts and could result in cost overruns and significantly lower returns than expected. | **Mitigation**  ·  Embedded ***programme*** management, including investment phasing and product testing activities.  ·  Periodic impairment reviews of capitalised development costs, including formal review at half year and year end.  ·  Ongoing review and approval of key ***programmes*** by the Executive Committee and the Board.  ·  Regular review of 'lessons learned' and best practice sharing.  ·  Periodic inspection of ***programmes*** by customers. | **Changes in 2017 and outlook**  During the year we continued to implement the improved ***programme*** management framework which was introduced in 2016 and to implement the lessons learned from ***programme*** management issues we experienced that year. We have further strengthened a number of standard procedures, gate reviews and reporting.  This will continue in 2018, where we ***plan*** to extend our process of peer reviews and sharing of lessons learnt. Our ***programme*** management processes will also benefit from the upgrade in skills and capabilities and an improvement in our product launch processes which will be achieved as part of Project Boost. This will include an investment in both our methodology and the tools we use to deploy it. |

Supply chain

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| **Description**  Our suppliers are key to our success. It is essential that suppliers and subcontractors continue to meet our high standards of technical competence, innovation, product quality, reliability, delivery performance, cost, financial stability, safety, ethics and social responsibility.  Our supply chain network is exposed to potentially adverse events such as physical disruptions, environmental and industrial accidents, scarcity of supply and the insolvency of a key supplier, any of which could impact our ability to deliver orders to  our customers.  The cost of our products can be significantly affected by the cost of the underlying commodities and materials from which they are made. Fluctuations in these costs cannot always be passed on to our customers.    **Potential impact**  A sustained supply chain disruption, or the delivery of defective product to us, could impact our ability to meet customer requirements, result in additional contractual liabilities and have a consequential impact on financial performance. | **Mitigation**  ·  Ongoing communication of our expectations of suppliers through our Supplier Code of Conduct.  ·  Contract terms and conditions that require our suppliers to meet specified performance standards.  ·  Ongoing assessment of supplier technology and dependency.  ·  Monitoring of the financial and operational viability of key suppliers.  ·  Ongoing monitoring of inventory levels to ensure availability in times of production volatility.  ·  Contingency ***plans*** designed to enable us to secure alternative key material supplies at short notice, to transfer or share production between manufacturing sites and to use substitute materials where required.  ·  Dual sourcing where appropriate to reduce dependence on single suppliers.  ·  Supplier quality reviews and audits. | **Changes in 2017 and outlook**  We continue to carefully manage and monitor our supply chains and, where appropriate, build on long-term supplier relationships. During the year, we have undertaken enhanced supplier risk assessment and benchmarking exercises as part of a longer term project to improve visibility and monitoring of key parts of our supply chain.  We have also continued to roll out the Supply Chain Excellence Model alongside a maturity mapping project focused on sales, inventory and operations ***planning*** (SIOP). This project will help track our progress towards becoming a world class supply chain function.  We continue to place an emphasis on developing our people and equipping them with the skills to succeed. 180 supply chain professionals and business leaders have attended our Supply Chain Excellence ***programme*** during 2017. We have continued to focus on our supply chain talent management agenda through the year in order to continue to build capability and strength in depth throughout the function.  Projects to improve our procurement processes for both direct and indirect materials have been underway since mid-2017. We expect these to begin mitigating some of the risk in our supply chains during 2018 as well as delivering significant margin and cash benefits. |

Contract risk

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| **Description**  Across our businesses, an increasing percentage of revenues are generated through contracts which are long-term in nature and subject to complex terms and conditions. Contracts include commitments relating to pricing, quality and safety, and technical and customer requirements.  Both our aerospace and automotive businesses enter into design and build contracts. These are complex contracts that are often long-term, so it is important that the contracted risk is carefully managed.  Specifically within GKN Aerospace, the Group has risk and revenue sharing partnerships with key engine manufacturers. These contain formalised risk-sharing arrangements relating to risks which are not always within GKN management control.    **Potential impact**  A failure to fully understand contract risks or to anticipate technical challenges and estimate costs accurately at the outset of a contract can lead to unexpected liabilities, increased outturn costs and reduced profitability. | **Mitigation**  ·  Robust bid and contract management processes including thorough reviews of contract terms and conditions, contract-specific risk assessments and clear delegation of authority for approvals.  ·  Continuous review of contract performance. | **Changes in 2017 and outlook**  During the year, we continued to follow the strengthened contract management processes previously introduced in each division. These processes aim to ensure effective management of risks associated with complex design and build contracts. |

Pension funding

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| **Description**  The Group has a number of defined benefit pension ***plans*** with aggregate net liabilities of £1,504 million at 31 December 2017. These ***plans*** are exposed to the risk of changes in asset values, discount rates, inflation and mortality assumptions.    **Potential impact**  Increases to the pension deficit could lead to a requirement for additional cash contributions to these ***plans***, thereby reducing the amount of cash available to meet the Group's other operating, investment and financing requirements. | **Mitigation**  ·  Close cooperation with scheme fiduciaries regarding management of pension scheme assets and liabilities, including asset selection and hedging actions.  ·  Alternative funding and risk mitigation actions are implemented where appropriate.  ·  Agreed recovery ***plans*** where required. | **Changes in 2017 and outlook**  Following the conclusion of the 2016 valuation exercise, the Group reduced the volatility of future deficit recovery payments as it closed the UK defined benefit pension to future accrual and made a £250 million lump sum payment to the scheme in October 2017.  The uncertainty following the UK's decision to leave the EU continues to have a potential impact on the yields on long term bonds and, thereby, on the UK pension liability, as will any wider issues in global financial markets. We will continue to monitor the impact of future market volatility, and seek to reduce volatility where appropriate.  While the initial takeover offer has been rejected, as this process continues there remains a level of uncertainty over the future impact on our pension schemes. Any changes in the Group's ownership structure and financing may impact the level of covenant support provided to the schemes, and the contributions required by the schemes' independent Trustees in the future. We continue to maintain an open and constructive dialogue with the Trustees on these matters. |

Operating in global markets

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| **Description**  We operate globally and, as such, results could be impacted by global or regional changes in the macroeconomic or political environment, leading to changing consumer demand and preferences.  Our businesses could be affected by changing consumer preference and associated volatility in automotive demand; challenging credit conditions resulting in lack of access to finance by customers and end consumers; delay or cancellation of orders for civil aircraft and changes in the amount or timing of US military spending; volatility in ***agricultural*** and construction and mining markets; exchange rate fluctuations; and changing oil prices.    **Potential impact**  Major or prolonged economic or financial market deterioration, including movements in exchange rates of key currencies or political uncertainty in one of our key markets, may significantly impact the Group's operational performance and financial condition. Sustained market weakness could lead to impairment of assets or site closures. It may also materially impact our customers, suppliers and other parties with whom we do business. | **Mitigation**  ·  The Group has a diversified portfolio of businesses across markets providing some protection against individual market or country risks.  ·  Lead market indicators are regularly reviewed so that we can respond quickly to changing trading conditions.  ·  Our mitigation strategy includes:  -  ***planning***, budgeting and forecasting processes;  -  flexible management of variable and fixed cost base, investment spending and working capital;  -  further diversification into other sectors which present new opportunities;  -  focused restructuring activities, where necessary, to respond to markets which have suppressed levels of economic activity; and  -  regular review of our financial risk management processes, including foreign currency hedging.  ·  Alignment of our debt to the principal currencies in which our revenues and cash flows are generated through cross currency swaps.  ·  Currency hedging within our hedging policy.  ·  A strong balance sheet. | **Changes in 2017 and outlook**  Market conditions are discussed in the Chief Executive's review on pages 5 and 6 and the markets overview section on pages 8 and 9.  Political and economic uncertainty continued into 2017, with geopolitical tensions remaining and impacted by policy changes from the new US administration. Despite encouraging economic development in 2017, there remains a level of uncertainty from the gradual normalisation of monetary policy by the US Federal Reserve, the Bank of Japan and the European Central Bank. We expect to receive a significant benefit following tax reforms enacted in a number of key territories for the Group. These should see the long term group tax rate drop by 2%. We also believe the US tax reforms will limit tax leakage on the ***planned*** disposals of non-core businesses which we outlined in our strategy.  The UK's vote to leave the EU and the absence of detailed agreements between the UK and the EU has resulted in uncertainty in future trading arrangements between the UK and the rest of the world, and lower expectations for UK GDP in the short to medium term. GKN is a global business with 90% of its sales generated outside the UK; this will limit the effect of the vote on the Group. |

Related party transactions

In the ordinary course of business, sales and purchases of goods take place between subsidiaries and equity accounted investment companies priced on an arm's-length basis. Sales by subsidiaries to equity accounted investments in 2017 totalled £43 million (2016: £44 million). The amount due at the year end in respect of such sales was £18 million (2016: £11 million). Purchases by subsidiaries from equity accounted investments in 2017 totalled £16 million (2016: £10 million). The amount due at the year end in respect of such purchases was £3 million (2016: £3 million).

At 31 December 2017, a Group subsidiary had £8 million payable to equity accounted investments companies in respect of unsecured financing facilities bearing interest at one month LIBOR plus 1/8% (2016: £10 million).

Statement of Directors' responsibilities

Each of the Directors as at the date of the annual report, whose names and functions are set out on pages 52 and 53, confirm that to the best of their knowledge:

·   the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole

·   the ***strategic*** report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

·   the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Approved by the Board of GKN plc and signed on its behalf by

Mike Turner CBE

Chairman

26 February 2018

CAUTIONARY STATEMENT

This announcement contains forward looking statements which were made in good faith based on information available at 26 February 2018, being the date of approval of the 2017 annual report.  It is believed that the expectations reflected in these statements are reasonable but they may be affected by a number of risks and uncertainties that are inherent in any forward looking statement which could cause actual results to differ materially from those currently anticipated. Nothing in this document should be regarded as a profits forecast.

**Load-Date:** May 16, 2018

**End of Document**



[***Washington: CHILD PROTECTION IMPROVEMENTS ACT OF 2017***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RJ6-PV21-JDG9-Y1KR-00000-00&context=1516831)

Impact News Service

January 31, 2018 Wednesday

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**Length:** 43391 words

**Body**

Washington: The Library of Congress, The Government of USA has issued the following Speech:

 General Leave Ms. GRANGER. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks. The SPEAKER pro tempore (Mr. Mitchell). Is there objection to the request of the gentlewoman from Texas? [[Page H699]] There was no objection. Ms. GRANGER. Mr. Speaker, pursuant to House Resolution 714, I call up the bill (H.R 695) to amend the National Child Protection Act of 1993 to establish a national criminal history background check system and criminal history review ***program*** for certain individuals who, related to their employment, have access to children, the elderly, or individuals with disabilities, and for other purposes, with the Senate amendments thereto, and ask for its immediate consideration.

The Clerk read the title of the bill. The SPEAKER pro tempore. The Clerk will designate the Senate amendments. Senate amendments: Strike all after the enacting clause and insert the following: SECTION 1. SHORT TITLE. This Act may be cited as the ``Child Protection Improvements Act of 2017''. SEC. 2. NATIONAL CRIMINAL HISTORY BACKGROUND CHECK AND CRIMINAL HISTORY REVIEW ***PROGRAM***. The National Child Protection Act of 1993 (34 U.S.C 40101 et seq.) is amended-- (1) in section 3 (34 U.S.C 40102)-- (A) by striking ``provider'' each place it appears and inserting ``covered individual''; (B) by striking ``provider's'' each place it appears and inserting ``covered individual's''; (C) by amending subsection (a)(3) to read as follows: ``(3)(A) The Attorney General shall establish a ***program***, in accordance with this section, to provide qualified entities located in States that do not have in effect procedures described in paragraph (1), or qualified entities located in States that do not prohibit the use of the ***program*** established under this paragraph, with access to national criminal history background checks on, and criminal history reviews of, covered individuals. ``(B) A qualified entity described in subparagraph (A) may submit to the appropriate designated entity a request for a national criminal history background check on, and a criminal history review of, a covered individual. Qualified entities making a request under this paragraph shall comply with the guidelines set forth in subsection (b), and with any additional applicable procedures set forth by the Attorney General or by the State in which the entity is located.''; (D) in subsection (b)-- (i) in paragraph (1)(E), by striking ``unsupervised''; (ii) by striking paragraph (2) and inserting the following: ``(2)(A) that the State, or in a State that does not have in effect procedures described in subsection (a)(1), the designated entity, ensures that-- ``(i) each covered individual who is the subject of a background check under subsection (a) is entitled to obtain a copy of any background check report; ``(ii) each covered individual who is the subject of a background check under subsection (a) is provided a process by which the covered individual may appeal the results of the background check to challenge the accuracy or completeness of the information contained in the background report of the covered individual; and ``(iii)(I) each covered individual described in clause (ii) is given notice of the opportunity to appeal; ``(II) each covered individual described in clause (ii) will receive instructions on how to complete the appeals process if the covered individual wishes to challenge the accuracy or completeness of the information contained in the background report of the covered individual; and ``(III) the appeals process is completed in a timely manner for each covered individual described in clause (ii); and ``(B) the State, or in a State that does not have in effect procedures described in subsection (a)(1), the designated entity, may allow for a review process-- ``(i) through which the State or designated entity, as the case may be, may determine that a covered individual who is the subject of a background check under subsection (a) is disqualified for a crime specified in subsection (f)(2)(C); and ``(ii) which shall be consistent with title VII of the Civil Rights Act of 1964 (42 U.S.C 2000e et seq.);''; (iii) in paragraph (3), by inserting after ``authorized agency'' the following: ``or designated entity, as applicable,''; and (iv) in paragraph (4), by inserting after ``authorized agency'' the following: ``or designated entity, as applicable,''; (E) in subsection (d), by inserting after ``officer or employee thereof,'' the following: ``, nor shall any designated entity nor any officer or employee thereof,''; (F) by amending subsection (e) to read as follows: ``(e) Fees.-- ``(1) State ***program***.--In the case of a background check conducted pursuant to a State requirement adopted after December 20, 1993, conducted with fingerprints on a covered individual, the fees collected by authorized State agencies and the Federal Bureau of Investigation may not exceed the actual cost of the background check conducted with fingerprints. ``(2) Federal ***program***.--In the case of a national criminal history background check and criminal history review conducted pursuant to the procedures established pursuant to subsection (a)(3), the fees collected by a designated entity shall be set at a level that will ensure the recovery of the full costs of providing all such services. The designated entity shall remit the appropriate portion of such fee to the Attorney General, which amount is in accordance with the amount published in the Federal Register to be collected for the provision of a criminal history background check by the Federal Bureau of Investigation. ``(3) Ensuring fees do not discourage volunteers.--A fee system under this subsection shall be established in a manner that ensures that fees to qualified entities for background checks do not discourage volunteers from participating in ***programs*** to care for children, the elderly, or individuals with disabilities. A fee charged to a qualified entity that is not organized under section 501(c)(3) of the Internal Revenue Code of 1986 may not be less than the total sum of the costs of the Federal Bureau of Investigation and the designated entity.''; and (G) by inserting after subsection (e) the following: ``(f) National Criminal History Background Check and Criminal History Review ***Program***.-- ``(1) National criminal history background check.--Upon a designated entity receiving notice of a request submitted by a qualified entity pursuant to subsection (a)(3), the designated entity shall forward the request to the Attorney General, who shall, acting through the Director of the Federal Bureau of Investigation, complete a fingerprint-based check of the national criminal history background check system, and provide the information received in response to such national criminal history background check to the appropriate designated entity. The designated entity may, upon request from a qualified entity, complete a check of a State criminal history database. ``(2) Criminal history review.-- ``(A) Designated entities.--The Attorney General shall designate, and enter into an agreement with, one or more entities to make determinations described in paragraph (2). The Attorney General may not designate and enter into an agreement with a Federal agency under this subparagraph. ``(B) Determinations.--A designated entity shall, upon the receipt of the information described in paragraph (1), make a determination of fitness described in subsection (b)(4), using the criteria described in subparagraph (C). ``(C) Criminal history review criteria.--A covered individual may be determined to be unfit under subsection (b)(4) if the covered individual-- ``(i) refuses to consent to a criminal background check under this section; ``(ii) knowingly makes a materially false statement in connection with a criminal background check under this section; ``(iii) is registered, or is required to be registered, on a State sex offender registry or repository or the National Sex Offender Registry established under the Adam Walsh Child Protection and Safety Act of 2006 (34 U.S.C 20901 et seq.); ``(iv) has been convicted of a felony consisting of-- ``(I) murder, as described in section 1111 of title 18, United States Code; ``(II) child abuse or neglect; ``(III) a crime against children, including child pornography; ``(IV) spousal abuse; ``(V) a crime involving rape or sexual assault; ``(VI) kidnapping; ``(VII) arson; ``(VIII) physical assault or battery; or ``(IX) a drug-related offense committed during the preceding 5 years; ``(v) has been convicted of a violent misdemeanor committed as an adult against a child, including-- ``(I) child abuse; ``(II) child endangerment; ``(III) sexual assault; or ``(IV) of a misdemeanor involving child pornography; or ``(vi) in the case of a covered individual who has, seeks to have, or may have access to the elderly or individuals with disabilities, has been convicted of any criminal offense relating to the abuse, exploitation, or neglect (as those terms are defined in section 2011 of the Social Security Act (42 U.S.C 1397j)) of an elder or an individual with disabilities.''; and (2) in section 5 (34 U.S.C 40104)-- (A) by amending paragraph (9) to read as follows: ``(9) the term `covered individual' means an individual-- ``(A) who has, seeks to have, or may have access to children, the elderly, or individuals with disabilities, served by a qualified entity; and ``(B) who-- ``(i) is employed by or volunteers with, or seeks to be employed by or volunteer with, a qualified entity; or ``(ii) owns or operates, or seeks to own or operate, a qualified entity;''; (B) in paragraph (10), by striking ``and'' at the end; (C) in paragraph (11), by striking the period at the end and inserting ``; and''; and (D) by inserting after paragraph (11) the following: ``(12) the term `designated entity' means an entity designated by the Attorney General under section 3(f)(2)(A).''. SEC. 3. EFFECTIVE DATE. This Act and the amendments made by this Act shall be fully implemented by not later than 1 year after the date of enactment of this Act. Amend the title so as to read: ``A bill to amend the National Child Protection Act of 1993 to establish a voluntary national criminal history background check system and criminal history review ***program*** for certain [[Page H700]] individuals who, related to their employment, have access to children, the elderly, or individuals with disabilities, and for other purposes.''. Motion to Concur Ms. GRANGER. Mr. Speaker, I have a motion at the desk. The SPEAKER pro tempore. The Clerk will designate the motion. The text of the motion is as follows: Ms. Granger moves that the House concur in the Senate amendment to the title of H.R 695 and that the House concur in the Senate amendment to the text of H.R 695 with an amendment consisting of the text of Rules Committee Print 115-56. The text of the House amendment to the Senate amendment to the text is as follows: In lieu of the matter proposed to be inserted by the Senate, insert the following: That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2018, for military functions administered by the Department of Defense and for other purposes, namely: TITLE I MILITARY PERSONNEL Military Personnel, Army For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Army on active duty (except members of reserve components provided for elsewhere), cadets, and aviation cadets; for members of the Reserve Officers' Training Corps; and for payments pursuant to section 156 of Public Law 97-377, as amended (42 U.S.C 402 note), and to the Department of Defense Military Retirement Fund, $41,427,054,000. Military Personnel, Navy For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Navy on active duty (except members of the Reserve provided for elsewhere), midshipmen, and aviation cadets; for members of the Reserve Officers' Training Corps; and for payments pursuant to section 156 of Public Law 97-377, as amended (42 U.S.C 402 note), and to the Department of Defense Military Retirement Fund, $28,707,918,000 (reduced by $2,000,000) (increased by $2,000,000). Military Personnel, Marine Corps For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Marine Corps on active duty (except members of the Reserve provided for elsewhere); and for payments pursuant to section 156 of Public Law 97-377, as amended (42 U.S.C 402 note), and to the Department of Defense Military Retirement Fund, $13,165,714,000. Military Personnel, Air Force For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Air Force on active duty (except members of reserve components provided for elsewhere), cadets, and aviation cadets; for members of the Reserve Officers' Training Corps; and for payments pursuant to section 156 of Public Law 97-377, as amended (42 U.S.C 402 note), and to the Department of Defense Military Retirement Fund, $28,738,320,000. Reserve Personnel, Army For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Army Reserve on active duty under sections 10211, 10302, and 3038 of title 10, United States Code, or while serving on active duty under section 12301(d) of title 10, United States Code, in connection with performing duty specified in section 12310(a) of title 10, United States Code, or while undergoing reserve training, or while performing drills or equivalent duty or other duty, and expenses authorized by section 16131 of title 10, United States Code; and for payments to the Department of Defense Military Retirement Fund, $4,721,128,000. Reserve Personnel, Navy For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Navy Reserve on active duty under section 10211 of title 10, United States Code, or while serving on active duty under section 12301(d) of title 10, United States Code, in connection with performing duty specified in section 12310(a) of title 10, United States Code, or while undergoing reserve training, or while performing drills or equivalent duty, and expenses authorized by section 16131 of title 10, United States Code; and for payments to the Department of Defense Military Retirement Fund, $1,987,662,000. Reserve Personnel, Marine Corps For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Marine Corps Reserve on active duty under section 10211 of title 10, United States Code, or while serving on active duty under section 12301(d) of title 10, United States Code, in connection with performing duty specified in section 12310(a) of title 10, United States Code, or while undergoing reserve training, or while performing drills or equivalent duty, and for members of the Marine Corps platoon leaders class, and expenses authorized by section 16131 of title 10, United States Code; and for payments to the Department of Defense Military Retirement Fund, $762,793,000. Reserve Personnel, Air Force For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Air Force Reserve on active duty under sections 10211, 10305, and 8038 of title 10, United States Code, or while serving on active duty under section 12301(d) of title 10, United States Code, in connection with performing duty specified in section 12310(a) of title 10, United States Code, or while undergoing reserve training, or while performing drills or equivalent duty or other duty, and expenses authorized by section 16131 of title 10, United States Code; and for payments to the Department of Defense Military Retirement Fund, $1,808,434,000. National Guard Personnel, Army For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Army National Guard while on duty under sections 10211, 10302, or 12402 of title 10 or section 708 of title 32, United States Code, or while serving on duty under section 12301(d) of title 10 or section 502(f) of title 32, United States Code, in connection with performing duty specified in section 12310(a) of title 10, United States Code, or while undergoing training, or while performing drills or equivalent duty or other duty, and expenses authorized by section 16131 of title 10, United States Code; and for payments to the Department of Defense Military Retirement Fund, $8,252,426,000. National Guard Personnel, Air Force For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Air National Guard on duty under sections 10211, 10305, or 12402 of title 10 or section 708 of title 32, United States Code, or while serving on duty under section 12301(d) of title 10 or section 502(f) of title 32, United States Code, in connection with performing duty specified in section 12310(a) of title 10, United States Code, or while undergoing training, or while performing drills or equivalent duty or other duty, and expenses authorized by section 16131 of title 10, United States Code; and for payments to the Department of Defense Military Retirement Fund, $3,406,137,000. TITLE II OPERATION AND MAINTENANCE Operation and Maintenance, Army For expenses, not otherwise provided for, necessary for the operation and maintenance of the Army, as authorized by law, $38,483,846,000 (reduced by $5,000,000) (reduced by $5,600,000) (reduced by $6,000,000): Provided, That not to exceed $12,478,000 can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of the Army, and payments may be made on his certificate of necessity for confidential military purposes. Operation and Maintenance, Navy For expenses, not otherwise provided for, necessary for the operation and maintenance of the Navy and the Marine Corps, as authorized by law, $45,980,133,000 (reduced by $598,000) (reduced by $7,000,000): Provided, That not to exceed $15,055,000 can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of the Navy, and payments may be made on his certificate of necessity for confidential military purposes. Operation and Maintenance, Marine Corps For expenses, not otherwise provided for, necessary for the operation and maintenance of the Marine Corps, as authorized by law, $6,885,884,000. Operation and Maintenance, Air Force For expenses, not otherwise provided for, necessary for the operation and maintenance of the Air Force, as authorized by law, $38,592,745,000: Provided, That not to exceed $7,699,000 can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of the Air Force, and payments may be made on his certificate of necessity for confidential military purposes. Operation and Maintenance, Defense-Wide (including transfer of funds) For expenses, not otherwise provided for, necessary for the operation and maintenance of activities and agencies of the Department of Defense (other than the military departments), as authorized by law, $33,771,769,000 (increased by $5,000,000) (reduced by $10,000,000) (reduced by $100,000) (increased by $100,000) (reduced by $194,897,000) (increased by $194,897,000) (reduced by $26,200,000) (reduced by $20,000,000) (reduced by $6,000,000) (reduced by $4,000,000) (reduced by $20,000,000) (reduced by $1,000,000) (reduced by $10,000,000) (reduced by $2,500,000) (reduced by $2,000,000) (reduced by $8,000,000) (reduced by $6,250,000) (reduced by $10,000,000) (reduced by $10,000,000) (reduced by $30,000,000) (reduced by $34,734,000) (reduced by $60,000,000): Provided, That not more than $15,000,000 may be [[Page H701]] used for the Combatant Commander Initiative Fund authorized under section 166a of title 10, United States Code: Provided further, That not to exceed $36,000,000 can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of Defense, and payments may be made on his certificate of necessity for confidential military purposes: Provided further, That of the funds provided under this heading, not less than $38,458,000 shall be made available for the Procurement Technical Assistance Cooperative Agreement ***Program***, of which not less than $3,600,000 shall be available for centers defined in 10 U.S.C 2411(1)(D): Provided further, That none of the funds appropriated or otherwise made available by this Act may be used to ***plan*** or implement the consolidation of a budget or appropriations liaison office of the Office of the Secretary of Defense, the office of the Secretary of a military department, or the service headquarters of one of the Armed Forces into a legislative affairs or legislative liaison office: Provided further, That $9,385,000, to remain available until expended, is available only for expenses relating to certain classified activities, and may be transferred as necessary by the Secretary of Defense to operation and maintenance appropriations or research, development, test and evaluation appropriations, to be merged with and to be available for the same time period as the appropriations to which transferred: Provided further, That any ceiling on the investment item unit cost of items that may be purchased with operation and maintenance funds shall not apply to the funds described in the preceding proviso: Provided further, That of the funds provided under this heading, $415,000,000, of which $100,000,000 to remain available until September 30, 2019, shall be available to provide support and assistance to foreign security forces or other groups or individuals to conduct, support or facilitate counterterrorism, crisis response, or other Department of Defense security cooperation ***programs***: Provided further, That the transfer authority provided under this heading is in addition to any other transfer authority provided elsewhere in this Act. Operation and Maintenance, Army Reserve For expenses, not otherwise provided for, necessary for the operation and maintenance, including training, organization, and administration, of the Army Reserve; repair of facilities and equipment; hire of passenger motor vehicles; travel and transportation; care of the dead; recruiting; procurement of services, supplies, and equipment; and communications, $2,870,163,000. Operation and Maintenance, Navy Reserve For expenses, not otherwise provided for, necessary for the operation and maintenance, including training, organization, and administration, of the Navy Reserve; repair of facilities and equipment; hire of passenger motor vehicles; travel and transportation; care of the dead; recruiting; procurement of services, supplies, and equipment; and communications, $1,038,507,000. Operation and Maintenance, Marine Corps Reserve For expenses, not otherwise provided for, necessary for the operation and maintenance, including training, organization, and administration, of the Marine Corps Reserve; repair of facilities and equipment; hire of passenger motor vehicles; travel and transportation; care of the dead; recruiting; procurement of services, supplies, and equipment; and communications, $282,337,000. Operation and Maintenance, Air Force Reserve For expenses, not otherwise provided for, necessary for the operation and maintenance, including training, organization, and administration, of the Air Force Reserve; repair of facilities and equipment; hire of passenger motor vehicles; travel and transportation; care of the dead; recruiting; procurement of services, supplies, and equipment; and communications, $3,233,745,000. Operation and Maintenance, Army National Guard For expenses of training, organizing, and administering the Army National Guard, including medical and hospital treatment and related expenses in non-Federal hospitals; maintenance, operation, and repairs to structures and facilities; hire of passenger motor vehicles; personnel services in the National Guard Bureau; travel expenses (other than mileage), as authorized by law for Army personnel on active duty, for Army National Guard division, regimental, and battalion commanders while inspecting units in compliance with National Guard Bureau regulations when specifically authorized by the Chief, National Guard Bureau; supplying and equipping the Army National Guard as authorized by law; and expenses of repair, modification, maintenance, and issue of supplies and equipment (including aircraft), $7,275,820,000. Operation and Maintenance, Air National Guard For expenses of training, organizing, and administering the Air National Guard, including medical and hospital treatment and related expenses in non-Federal hospitals; maintenance, operation, and repairs to structures and facilities; transportation of things, hire of passenger motor vehicles; supplying and equipping the Air National Guard, as authorized by law; expenses for repair, modification, maintenance, and issue of supplies and equipment, including those furnished from stocks under the control of agencies of the Department of Defense; travel expenses (other than mileage) on the same basis as authorized by law for Air National Guard personnel on active Federal duty, for Air National Guard commanders while inspecting units in compliance with National Guard Bureau regulations when specifically authorized by the Chief, National Guard Bureau, $6,735,930,000. United States Court of Appeals for the Armed Forces For salaries and expenses necessary for the United States Court of Appeals for the Armed Forces, $14,538,000, of which not to exceed $5,000 may be used for official representation purposes. Environmental Restoration, Army (including transfer of funds) For the Department of the Army, $215,809,000, to remain available until transferred: Provided, That the Secretary of the Army shall, upon determining that such funds are required for environmental restoration, reduction and recycling of hazardous waste, removal of unsafe buildings and debris of the Department of the Army, or for similar purposes, transfer the funds made available by this appropriation to other appropriations made available to the Department of the Army, to be merged with and to be available for the same purposes and for the same time period as the appropriations to which transferred: Provided further, That upon a determination that all or part of the funds transferred from this appropriation are not necessary for the purposes provided herein, such amounts may be transferred back to this appropriation: Provided further, That the transfer authority provided under this heading is in addition to any other transfer authority provided elsewhere in this Act. Environmental Restoration, Navy (including transfer of funds) For the Department of the Navy, $288,915,000 (increased by $34,734,000) (increased by $30,000,000), to remain available until transferred: Provided, That the Secretary of the Navy shall, upon determining that such funds are required for environmental restoration, reduction and recycling of hazardous waste, removal of unsafe buildings and debris of the Department of the Navy, or for similar purposes, transfer the funds made available by this appropriation to other appropriations made available to the Department of the Navy, to be merged with and to be available for the same purposes and for the same time period as the appropriations to which transferred: Provided further, That upon a determination that all or part of the funds transferred from this appropriation are not necessary for the purposes provided herein, such amounts may be transferred back to this appropriation: Provided further, That the transfer authority provided under this heading is in addition to any other transfer authority provided elsewhere in this Act. Environmental Restoration, Air Force (including transfer of funds) For the Department of the Air Force, $308,749,000 (increased by $30,000,000), to remain available until transferred: Provided, That the Secretary of the Air Force shall, upon determining that such funds are required for environmental restoration, reduction and recycling of hazardous waste, removal of unsafe buildings and debris of the Department of the Air Force, or for similar purposes, transfer the funds made available by this appropriation to other appropriations made available to the Department of the Air Force, to be merged with and to be available for the same purposes and for the same time period as the appropriations to which transferred: Provided further, That upon a determination that all or part of the funds transferred from this appropriation are not necessary for the purposes provided herein, such amounts may be transferred back to this appropriation: Provided further, That the transfer authority provided under this heading is in addition to any other transfer authority provided elsewhere in this Act. Environmental Restoration, Defense-Wide (including transfer of funds) For the Department of Defense, $9,002,000 (increased by $10,000,000), to remain available until transferred: Provided, That the Secretary of Defense shall, upon determining that such funds are required for environmental restoration, reduction and recycling of hazardous waste, removal of unsafe buildings and debris of the Department of Defense, or for similar purposes, transfer the funds made available by this appropriation to other appropriations made available to the Department of Defense, to be merged with and to be available for the same purposes and for the same time period as the appropriations to which transferred: Provided further, That upon a determination that all or part of the funds transferred from this appropriation are not necessary for the purposes provided herein, such amounts may be transferred back to this appropriation: Provided further, That the transfer authority provided under this heading is in addition to any other transfer authority provided elsewhere in this Act. Environmental Restoration, Formerly Used Defense Sites (including transfer of funds) For the Department of the Army, $233,673,000, to remain available until transferred: Provided, That the Secretary of the [[Page H702]] Army shall, upon determining that such funds are required for environmental restoration, reduction and recycling of hazardous waste, removal of unsafe buildings and debris at sites formerly used by the Department of Defense, transfer the funds made available by this appropriation to other appropriations made available to the Department of the Army, to be merged with and to be available for the same purposes and for the same time period as the appropriations to which transferred: Provided further, That upon a determination that all or part of the funds transferred from this appropriation are not necessary for the purposes provided herein, such amounts may be transferred back to this appropriation: Provided further, That the transfer authority provided under this heading is in addition to any other transfer authority provided elsewhere in this Act. Overseas Humanitarian, Disaster, and Civic Aid For expenses relating to the Overseas Humanitarian, Disaster, and Civic Aid ***programs*** of the Department of Defense (consisting of the ***programs*** provided under sections 401, 402, 404, 407, 2557, and 2561 of title 10, United States Code), $107,900,000, to remain available until September 30, 2018. Cooperative Threat Reduction Account For assistance, including assistance provided by contract or by grants, under ***programs*** and activities of the Department of Defense Cooperative Threat Reduction ***Program*** authorized under the D

epartment of Defense Cooperative Threat Reduction Act, $324,600,000, to remain available until September 30, 2019. Operation and Maintenance, National Defense Restoration Fund (including transfer of funds) In addition to amounts provided elsewhere in this Act, there is appropriated $5,000,000,000, for the ``Operation and Maintenance, National Defense Restoration Fund'': Provided, That such funds provided under this heading shall only be available for ***programs***, projects and activities necessary to implement the 2018 National Defense Strategy: Provided further, That such funds shall not be available for transfer until 30 days after the Secretary has submitted, and the congressional defense committees have approved, the proposed allocation ***plan*** for the use of such funds to implement such strategy: Provided further, That such allocation ***plan*** shall include a detailed justification for the use of such funds and a description of how such investments are necessary to implement the strategy: Provided further, That the Secretary of Defense may transfer these funds only to operation and maintenance accounts: Provided further, That the funds transferred shall be merged with and shall be available for the same purposes and for the same time period, as the appropriation to which transferred: Provided further, That none of the funds made available under this heading may be transferred to any ***program***, project, or activity specifically limited or denied by this Act: Provided further, That the transfer authority provided under this heading is in addition to any other transfer authority available to the Department of Defense. TITLE III PROCUREMENT Aircraft Procurement, Army For construction, procurement, production, modification, and modernization of aircraft, equipment, including ordnance, ground handling equipment, spare parts, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes, $4,456,533,000, to remain available for obligation until September 30, 2020. Missile Procurement, Army For construction, procurement, production, modification, and modernization of missiles, equipment, including ordnance, ground handling equipment, spare parts, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes, $2,581,600,000, to remain available for obligation until September 30, 2020. Procurement of Weapons and Tracked Combat Vehicles, Army For construction, procurement, production, and modification of weapons and tracked combat vehicles, equipment, including ordnance, spare parts, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor- owned equipment layaway; and other expenses necessary for the foregoing purposes, $3,556,175,000, to remain available for obligation until September 30, 2020. Procurement of Ammunition, Army For construction, procurement, production, and modification of ammunition, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including ammunition facilities, authorized by section 2854 of title 10, United States Code, and the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes, $1,811,808,000, to remain available for obligation until September 30, 2020. Other Procurement, Army For construction, procurement, production, and modification of vehicles, including tactical, support, and non-tracked combat vehicles; the purchase of passenger motor vehicles for replacement only; communications and electronic equipment; other support equipment; spare parts, ordnance, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes, $6,356,044,000 (increased by $30,000,000), to remain available for obligation until September 30, 2020. Aircraft Procurement, Navy For construction, procurement, production, modification, and modernization of aircraft, equipment, including ordnance, spare parts, and accessories therefor; specialized equipment; expansion of public and private plants, including the land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor- owned equipment layaway, $17,908,270,000, to remain available for obligation until September 30, 2020. Weapons Procurement, Navy For construction, procurement, production, modification, and modernization of missiles, torpedoes, other weapons, and related support equipment including spare parts, and accessories therefor; expansion of public and private plants, including the land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway, $3,387,826,000 (increased by $26,200,000), to remain available for obligation until September 30, 2020. Procurement of Ammunition, Navy and Marine Corps For construction, procurement, production, and modification of ammunition, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including ammunition facilities, authorized by section 2854 of title 10, United States Code, and the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes, $735,651,000, to remain available for obligation until September 30, 2020. Shipbuilding and Conversion, Navy For expenses necessary for the construction, acquisition, or conversion of vessels as authorized by law, including armor and armament thereof, plant equipment, appliances, and machine tools and installation thereof in public and private plants; reserve plant and Government and contractor-owned equipment layaway; procurement of critical, long lead time components and designs for vessels to be constructed or converted in the future; and expansion of public and private plants, including land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title, as follows: Ohio Replacement Submarine (AP), $842,853,000; Carrier Replacement ***Program***, $1,869,646,000; Carrier Replacement ***Program*** (AP), $2,561,058,000; Virginia Class Submarine, $3,305,315,000; Virginia Class Submarine (AP), $1,920,596,000; CVN Refueling Overhauls, $1,569,669,000; CVN Refueling Overhauls (AP), $75,897,000; [[Page H703]] DDG-1000 ***Program***, $164,976,000; DDG-51 Destroyer, $3,499,079,000; DDG-51 Destroyer (AP), $90,336,000; Littoral Combat Ship, $1,566,971,000; Expeditionary Sea Base, $635,000,000; LHA Replacement, $1,695,077,000; TAO Fleet Oiler, $449,415,000; TAO Fleet Oiler (AP), $75,068,000; Ship to Shore Connector, $390,554,000; Service Craft, $23,994,000; Towing, Salvage, and Rescue Ship, $76,204,000; LCU 1700, $31,850,000; For outfitting, post delivery, conversions, and first destination transportation, $542,626,000; and Completion of Prior Year Shipbuilding ***Programs***, $117,542,000. In all: $21,503,726,000, to remain available for obligation until September 30, 2022: Provided, That additional obligations may be incurred after September 30, 2022, for engineering services, tests, evaluations, and other such budgeted work that must be performed in the final stage of ship construction: Provided further, That none of the funds provided under this heading for the construction or conversion of any naval vessel to be constructed in shipyards in the United States shall be expended in foreign facilities for the construction of major components of such vessel: Provided further, That none of the funds provided under this heading shall be used for the construction of any naval vessel in foreign shipyards: Provided further, That funds appropriated or otherwise made available by this Act for production of the common missile compartment of nuclear- powered vessels may be available for multiyear procurement of critical components to support continuous production of such compartments only in accordance with the provisions of subsection (i) of section 2218a of title 10, United States Code (as added by section 1023 of the National Defense Authorization Act for Fiscal Year 2017 (Public Law 114-328)). Other Procurement, Navy For procurement, production, and modernization of support equipment and materials not otherwise provided for, Navy ordnance (except ordnance for new aircraft, new ships, and ships authorized for conversion); the purchase of passenger motor vehicles for replacement only; expansion of public and private plants, including the land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway, $7,852,952,000, to remain available for obligation until September 30, 2020. Procurement, Marine Corps For expenses necessary for the procurement, manufacture, and modification of missiles, armament, military equipment, spare parts, and accessories therefor; plant equipment, appliances, and machine tools, and installation thereof in public and private plants; reserve plant and Government and contractor-owned equipment layaway; vehicles for the Marine Corps, including the purchase of passenger motor vehicles for replacement only; and expansion of public and private plants, including land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title, $1,818,846,000 (increased by $20,000,000), to remain available for obligation until September 30, 2020. Aircraft Procurement, Air Force For construction, procurement, and modification of aircraft and equipment, including armor and armament, specialized ground handling equipment, and training devices, spare parts, and accessories therefor; specialized equipment; expansion of public and private plants, Government-owned equipment and installation thereof in such plants, erection of structures, and acquisition of land, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes including rents and transportation of things, $16,553,196,000 (increased by $16,000,000), to remain available for obligation until September 30, 2020. Missile Procurement, Air Force For construction, procurement, and modification of missiles, rockets, and related equipment, including spare parts and accessories therefor; ground handling equipment, and training devices; expansion of public and private plants, Government-owned equipment and installation thereof in such plants, erection of structures, and acquisition of land, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes including rents and transportation of things, $2,203,101,000, to remain available for obligation until September 30, 2020. Space Procurement, Air Force For construction, procurement, and modification of spacecraft, rockets, and related equipment, including spare parts and accessories therefor; ground handling equipment, and training devices; expansion of public and private plants, Government-owned equipment and installation thereof in such plants, erection of structures, and acquisition of land, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes including rents and transportation of things, $3,210,355,000, to remain available for obligation until September 30, 2020. Procurement of Ammunition, Air Force For construction, procurement, production, and modification of ammunition, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including ammunition facilities, authorized by section 2854 of title 10, United States Code, and the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes, $1,316,977,000, to remain available for obligation until September 30, 2020. Other Procurement, Air Force For procurement and modification of equipment (including ground guidance and electronic control equipment, and ground electronic and communication equipment), and supplies, materials, and spare parts therefor, not otherwise provided for; the purchase of passenger motor vehicles for replacement only; lease of passenger motor vehicles; and expansion of public and private plants, Government-owned equipment and installation thereof in such plants, erection of structures, and acquisition of land, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon, prior to approval of title; reserve plant and Government and contractor-owned equipment layaway, $19,318,814,000, to remain available for obligation until September 30, 2020. Procurement, Defense-Wide For expenses of activities and agencies of the Department of Defense (other than the military departments) necessary for procurement, production, and modification of equipment, supplies, materials, and spare parts therefor, not otherwise provided for; the purchase of passenger motor vehicles for replacement only; expansion of public and private plants, equipment, and installation thereof in such plants, erection of structures, and acquisition of land for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; reserve plant and Government and contractor-owned equipment layaway, $5,239,239,000 (reduced by $10,000,000), to remain available for obligation until September 30, 2020. Defense Production Act Purchases For activities by the Department of Defense pursuant to sections 108, 301, 302, and 303 of the Defense Production Act of 1950 (50 U.S.C 4518, 4531, 4532, and 4533), $67,401,000, to remain available until expended. Procurement, National Defense Restoration Fund (including transfer of funds) In addition to amounts provided elsewhere in this Act, there is appropriated $12,622,931,000, for the ``Procurement, National Defense Restoration Fund'': Provided, That such funds provided under this heading shall only be available for ***programs***, projects and activities necessary to implement the 2018 National Defense Strategy: Provided further, That such funds shall not be available for transfer until 30 days after the Secretary has submitted, and the congressional defense committees have approved, the proposed allocation ***plan*** for the use of such funds to implement such strategy: Provided further, That such allocation ***plan*** shall include a detailed justification for the use of such funds and a description of how such investments are necessary to implement the strategy: Provided further, That the Secretary of Defense may transfer these funds only to procurement accounts: Provided further, That the funds transferred shall be merged with and shall be available for the same purposes and for the same time period, as the appropriation to which transferred: Provided further, That none of the funds made available under this heading may be transferred to any ***program***, project, or activity specifically limited or denied by this Act, except for missile defense requirements resulting from urgent or emergent operational needs: Provided further, That the transfer authority provided under this heading is in addition to any other transfer authority available to the Department of Defense. TITLE IV RESEARCH, DEVELOPMENT, TEST AND EVALUATION Research, Development, Test and Evaluation, Army For expenses necessary for basic and applied scientific research, development, test and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment, $9,674,222,000 (increased by $6,000,000) (increased by $4,000,000) (increased by $12,000,000) (increased by $5,000,000), to remain available for obligation until September 30, 2019. [[Page H704]] Research, Development, Test and Evaluation, Navy For expenses necessary for basic and applied scientific research, development, test and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment, $17,196,521,000 (increased by $598,000) (increased by $20,000,000) (reduced by $2,500,000) (increased by $24,000,000), to remain available for obligation until September 30, 2019: Provided, That funds appropriated in this paragraph which are available for the V- 22 may be used to meet unique operational requirements of the Special Operations Forces. Research, Development, Test and Evaluation, Air Force For expenses necessary for basic and applied scientific research, development, test and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment, $33,874,980,000 (increased by $5,000,000) (increased by $6,000,000) (increased by $10,000,000) (reduced by $30,000,000) (increased by $30,000,000), to remain available for obligation until September 30, 2019. Research, Development, Test and Evaluation, Defense-Wide (including transfer of funds) For expenses of activities and agencies of the Department of Defense (other than the military departments), necessary for basic and applied scientific research, development, test and evaluation; advanced research projects as may be designated and determined by the Secretary of Defense, pursuant to law; maintenance, rehabilitation, lease, and operation of facilities and equipment, $20,698,353,000 (reduced by $16,000,000) (reduced by $12,000,000) (reduced by $2,500,000) (reduced by $12,500,000) (increased by $20,000,000) (reduced by $20,000,000) (reduced by $4,135,000) (increased by $4,135,000) (reduced by $27,500,000) (increased by $10,000,000), to remain available for obligation until September 30, 2019: Provided, That, of the funds made available in this paragraph, $250,000,000 for the Defense Rapid Innovation ***Program*** shall only be available for expenses, not otherwise provided for, to include ***program*** management and oversight, to conduct research, development, test and evaluation to include proof of concept demonstration; engineering, testing, and validation; and transition to full-scale production: Provided further, That the Secretary of Defense may transfer funds provided herein for the Defense Rapid Innovation ***Program*** to appropriations for research, development, test and evaluation to accomplish the purpose provided herein: Provided further, That this transfer authority is in addition to any other transfer authority available to the Department of Defense: Provided further, That the Secretary of Defense shall, not fewer than 30 days prior to making transfers from this appropriation, notify the congressional defense committees in writing of the details of any such transfer. Operational Test and Evaluation, Defense For expenses, not otherwise provided for, necessary for the independent activities of the Director, Operational Test and Evaluation, in the direction and supervision of operational test and evaluation, including initial operational test and evaluation which is conducted prior to, and in support of, production decisions; joint operational testing and evaluation; and administrative expenses in connection therewith, $210,900,000, to remain available for obligation until September 30, 2019. Research, Development, Test and Evaluation, National Defense Restoration Fund (including transfer of funds) In addition to amounts provided elsewhere in this Act, there is appropriated $1,000,000,000, for the ``Research, Development, Test and Evaluation, National Defense Restoration Fund'': Provided, That such funds provided under this heading shall only be available for ***programs***, projects and activities necessary to implement the 2018 National Defense Strategy: Provided further, That such funds shall not be available for transfer until 30 days after the Secretary has submitted, and the congressional defense committees have approved, the proposed allocation ***plan*** for the use of such funds to implement such strategy: Provided further, That such allocation ***plan*** shall include a detailed justification for the use of such funds and a description of how such investments are necessary to implement the strategy: Provided further, That the Secretary of Defense may transfer these funds only to research, development, test and evaluation accounts: Provided further, That the funds transferred shall be merged with and shall be available for the same purposes and for the same time period, as the appropriation to which transferred: Provided further, That none of the funds made available under this heading may be transferred to any ***program***, project, or activity specifically limited or denied by this Act, except for missile defense requirements resulting from urgent or emergent operational needs: Provided further, That the transfer authority provided under this heading is in addition to any other transfer authority available to the Department of Defense. TITLE V REVOLVING AND MANAGEMENT FUNDS Defense Working Capital Funds For the Defense Working Capital Funds, $1,586,596,000. TITLE VI OTHER DEPARTMENT OF DEFENSE ***PROGRAMS*** Defense Health ***Program*** For expenses, not otherwise provided for, for medical and health care ***programs*** of the Department of Defense as authorized by law, $33,931,566,000 (increased by $7,000,000) (increased by $1,000,000) (increased by $10,000,000) (increased by $2,000,000) (increased by $2,000,000) (increased by $10,000,000) (increased by $5,000,000) (increased by $10,000,000); of which $31,735,923,000 (increased by $2,000,000) (increased by $5,000,000) shall be for operation and maintenance, of which not to exceed one percent shall remain available for obligation until September 30, 2019, and of which up to $15,349,700,000 may be available for contracts entered into under the TRICARE ***program***; of which $895,328,000, to remain available for obligation until September 30, 2020, shall be for procurement; and of which $1,300,315,000 (increased by $7,000,000) (increased by $1,000,000) (increased by $10,000,000) (increased by $2,000,000) (increased by $10,000,000) (increased by $10,000,000), to remain available for obligation until September 30, 2019, shall be for research, development, test and evaluation: Provided, That, notwithstanding any other provision of law, of the amount made available under this heading for research, development, test and evaluation, not less than $8,000,000 shall be available for HIV prevention educational activities undertaken in connection with United States military training, exercises, and humanitarian assistance activities conducted primarily in African nations: Provided further, That of the funds provided under this heading for research, development, test and evaluation, not less than $627,100,000 shall be made available to the United States Army Medical Research and Materiel Command to carry out the congressionally directed medical research ***programs***. Chemical Agents and Munitions Destruction, Defense For expenses, not otherwise provided for, necessary for the destruction of the United States stockpile of lethal chemical agents and munitions in accordance with the provisions of section 1412 of the Department of Defense Authorization Act, 1986 (50 U.S.C 1521), and for the destruction of other chemical warfare materials that are not in the chemical weapon stockpile, $961,732,000, of which $104,237,000 shall be for operation and maintenance, of which no less than $49,401,000 shall be for the Chemical Stockpile Emergency Preparedness ***Program***, consisting of $21,045,000 for activities on military installations and $28,356,000, to remain available until September 30, 2019, to assist State and local governments; $18,081,000 shall be for procurement, to remain available until September 30, 2020, of which $18,081,000 shall be for the Chemical Stockpile Emergency Preparedness ***Program*** to assist State and local governments; and $839,414,000, to remain available until September 30, 2019, shall be for research, development, test and evaluation, of which $750,700,000 shall only be for the Assembled Chemical Weapons Alternatives ***program***. Drug Interdiction and Counter-Drug Activities, Defense (including transfer of funds) For drug interdiction and counter-drug activities of the Department of Defense, for transfer to appropriations available to the Department of Defense for military personnel of the reserve components serving under the provisions of title 10 and title 32, United States Code; for operation and maintenance; for procurement; and for research, development, test and evaluation, $854,814,000, of which $532,648,000 shall be for counter-narcotics support; $120,813,000 shall be for the drug demand reduction ***program***; and $201,353,000 shall be for the National Guard counter-drug ***program***: Provided, That the funds appropriated under this heading shall be available for obligation for the same time period and for the same purpose as the appropriation to which transferred: Provided further, That upon a determination that all or part of the funds transferred from this appropriation are not necessary for the purposes provided herein, such amounts may be transferred back to this appropriation: Provided further, That the transfer authority provided under this heading is in addition to any other transfer authority contained elsewhere in this Act. Office of the Inspector General For expenses and activities of the Office of the Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, $336,887,000, of which $334,087,000 shall be for operation and maintenance, of which not to exceed $700,000 is available for emergencies and extraordinary expenses to be expended on the approval or authority of the Inspector General, and payments may be made on the Inspector General's certificate of necessity for confidential military purposes; and of which $2,800,000, to remain available until September 30, 2019, shall be for research, development, test and evaluation. TITLE VII RELATED AGENCIES Central Intelligence Agency Retirement and Disability System Fund For payment to the Central Intelligence Agency Retirement and Disability System [[Page H705]] Fund, to maintain the proper funding level for continuing the operation of the Central Intelligence Agency Retirement and Disability System, $514,000,000. Intelligence Community Management Account For necessary expenses of the Intelligence Community Management Account, $522,100,000. TITLE VIII GENERAL PROVISIONS Sec. 8001. No part of any appropriation contained in this Act shall be used for publicity or propaganda purposes not authorized by the Congress. Sec. 8002. During the current fiscal year, provisions of law prohibiting the payment of compensation to, or employment of, any person not a citizen of the United States shall not apply to personnel of the Department of Defense: Provided, That salary increases granted to direct and indirect hire foreign national employees of the Department of Defense funded by this Act shall not be at a rate in excess of the percentage increase authorized by law for civilian employees of the Department of Defense whose pay is computed under the provisions of section 5332 of title 5, United States Code, or at a rate in excess of the percentage increase provided by the appropriate host nation to its own employees, whichever is higher: Provided further, That this section shall not apply to Department of Defense foreign service national employees serving at United States diplomatic missions whose pay is set by the Department of State under the Foreign Service Act of 1980: Provided further, That the limitations of this provision shall not apply to foreign national employees of the Department of Defense in the Republic of Turkey. Sec. 8003. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year, unless expressly so provided herein. Sec. 8004. No more than 20 percent of the appropriations in this Act which are limited for obligation during the current fiscal year shall be obligated during the last 2 months of the fiscal year: Provided, That this section shall not apply to obligations for support of active duty training of reserve components or summer camp training of the Reserve Officers' Training Corps. (transfer of funds) Sec. 8005. Upon determination by the Secretary of Defense that such action is necessary in the national interest, he may, with the approval of the Office of Management and Budget, transfer not to exceed $4,500,000,000 of working capital funds of the Department of Defense or funds made available in this Act to the Department of Defense for military functions (except military construction) between such appropriations or funds or any subdivision thereof, to be merged with and to be available for the same purposes, and for the same time period, as the appropriation or fund to which transferred: Provided, That such authority to transfer may not be used unless for higher priority items, based on unforeseen military requirements, than those for which originally appropriated and in no case where the item for which funds are requested has been denied by the Congress: Provided further, That the Secretary of Defense shall notify the Congress promptly of all transfers made pursuant to this authority or any other authority in this Act: Provided further, That no part of the funds in this Act shall be available to prepare or present a request to the Committees on Appropriations for reprogramming of funds, unless for higher priority items, based on unforeseen military requirements, than those for which originally appropriated and in no case where the item for which reprogramming is requested has been denied by the Congress: Provided further, That a request for multiple reprogrammings of funds using authority provided in this section shall be made prior to June 30, 2017: Provided further, That transfers among military personnel appropriations shall not be taken into account for purposes of the limitation on the amount of funds that may be transferred under this section. Sec. 8006. (a) With regard to the list of specific ***programs***, projects, and activities (and the dollar amounts and adjustments to budget activities corresponding to such ***programs***, projects, and activities) contained in the tables titled Explanation of Project Level Adjustments in the explanatory statement regarding this Act, the obligation and expenditure of amounts appropriated or otherwise made available in this Act for those ***programs***, projects, and activities for which the amounts appropriated exceed the amounts requested are hereby required by law to be carried out in the manner provided by such tables to the same extent as if the tables were included in the text of this Act. (b) Amounts specified in the referenced tables described in subsection (a) shall not be treated as subdivisions of appropriations for purposes of section 8005 of this Act: Provided, That section 8005 shall apply when transfers of the amounts described in subsection (a) occur between appropriation accounts. Sec. 8007. (a) Not later than 60 days after enactment of this Act, the Department of Defense shall submit a report to the congressional defense committees to establish the baseline for application of reprogramming and transfer authorities for fiscal year 2018: Provided, That the report shall include-- (1) a table for each appropriation with a separate column to display the President's budget request, adjustments made by Congress, adjustments due to enacted rescissions, if appropriate, and the fiscal year enacted level; (2) a delineation in the table for each appropriation both by budget activity and ***program***, project, and activity as detailed in the Budget Appendix; and (3) an identification of items of special congressional interest. (b) Notwithstanding section 8005 of this Act, none of the funds provided in this Act shall be available for reprogramming or transfer until the report identified in subsection (a) is submitted to the congressional defense committees, unless the Secretary of Defense certifies in writing to the congressional defense committees that such reprogramming or transfer is necessary as an emergency requirement: Provided, That this subsection shall not apply to transfers from the following appropriations accounts: (1) ``Environmental Restoration, Army''; (2) ``Environmental Restoration, Navy''; (3) ``Environmental Restoration, Air Force''; (4) ``Environmental Restoration, Defense-Wide'' (5) ``Environmental Restoration, Formerly Used Defense Sites''; and (6) ``Drug Interdiction and Counter-drug Activities, Defense''. (transfer of funds) Sec. 8008. During the current fiscal year, cash balances in working capital funds of the Department of Defense established pursuant to section 2208 of title 10, United States Code, may be maintained in only such amounts as are necessary at any time for cash disbursements to be made from such funds: Provided, That transfers may be made between such funds: Provided further, That transfers may be made between working capital funds and the ``Foreign Currency Fluctuations, Defense'' appropriation and the ``Operation and Maintenance'' appropriation accounts in such amounts as may be determined by the Secretary of Defense, with the approval of the Office of Management and Budget, except that such transfers may not be made unless the Secretary of Defense has notified the Congress of the proposed transfer: Provided further, That except in amounts equal to the amounts appropriated to working capital funds in this Act, no obligations may be made against a working capital fund to procure or increase the value of war reserve material inventory, unless the Secretary of Defense has notified the Congress prior to any such obligation. Sec. 8009. Funds appropriated by this Act may not be used to initiate a special access ***program*** without prior notification 30 calendar days in advance to the congressional defense committees. Sec. 8010. None of the funds provided in this Act shall be available to initiate: (1) a multiyear contract that employs economic order quantity procurement in excess of $20,000,000 in any one year of the contract or that includes an unfunded contingent liability in excess of $20,000,000; or (2) a contract for advance procurement leading to a multiyear contract that employs economic order quantity procurement in excess of $20,000,000 in any one year, unless the congressional defense committees have been notified at least 30 days in advance of the proposed contract award: Provided, That no part of any appropriation contained in this Act shall be available to initiate a multiyear contract for which the economic order quantity advance procurement is not funded at least to the limits of the Government's liability: Provided further, That no part of any appropriation contained in this Act shall be available to initiate multiyear procurement contracts for any systems or component thereof if the value of the multiyear contract would exceed $500,000,000 unless specifically provided in this Act: Provided further, That no multiyear procurement contract can be terminated without 30- day prior notification to the congressional defense committees: Provided further, That the execution of multiyear authority shall require the use of a present value analysis to determine lowest cost compared to an annual procurement: Provided further, That none of the funds provided in this Act may be used for a multiyear contract executed after the date of the enactment of this Act unless in the case of any such contract-- (1) the Secretary of Defense has submitted to Congress a budget request for full funding of units to be procured through the contract and, in the case of a contract for procurement of aircraft, that includes, for any aircraft unit to be procured through the contract for which procurement funds are requested in that budget request for production beyond advance procurement activities in the fiscal year covered by the budget, full funding of procurement of such unit in that fiscal year; (2) cancellation provisions in the contract do not include consideration of recurring manufacturing costs of the contractor associated with the production of unfunded units to be delivered under the contract; (3) the contract provides that payments to the contractor under the contract shall not be made in advance of incurred costs on funded units; and (4) the contract does not provide for a price adjustment based on a failure to award a follow-on contract. Funds appropriated in title III of this Act may be used, subject to section 2306b of title 10 , United States Code, for multiyear procurement contracts as follows: V-22 Osprey [[Page H706]] aircraft variants; up to 13 SSN Virginia Class Submarines and Government-furnished equipment; and DDG-51 Arleigh Burke class Flight III guided missile destroyers, the MK 41 Vertical Launching Systems, and associated Government- furnished systems and subsystems. Sec. 8011. Within the funds appropriated for the operation and maintenance of the Armed Forces, funds are hereby appropriated pursuant to section 401 of title 10, United States Code, for humanitarian and civic assistance costs under chapter 20 of title 10, United States Code. Such funds may also be obligated for humanitarian and civic assistance costs incidental to authorized operations and pursuant to authority granted in section 401 of chapter 20 of title 10, United States Code, and these obligations shall be reported as required by section 401(d) of title 10, United States Code: Provided, That funds available for operation and maintenance shall be available for providing humanitarian and similar assistance by using Civic Action Teams in the Trust Territories of the Pacific Islands and freely associated states of Micronesia, pursuant to the Compact of Free Association as authorized by Public Law 99-239: Provided further, That upon a determination by the Secretary of the Army that such action is beneficial for graduate medical education ***programs*** conducted at Army medical facilities located in Hawaii, the Secretary of the Army may authorize the provision of medical services at such facilities and transportation to such facilities, on a nonreimbursable basis, for civilian patients from American Samoa, the Commonwealth of the Northern Mariana Islands, the Marshall Islands, the Federated States of Micronesia, Palau, and Guam. Sec. 8012. (a) During the current fiscal year, the civilian personnel of the Department of Defense may not be managed on the basis of any end-strength, and the management of such personnel during that fiscal year shall not be subject to any constraint or limitation (known as an end-strength) on the number of such personnel who may be employed on the last day of such fiscal year. (b) The fiscal year 2019 budget request for the Department of Defense as well as all justification material and other documentation supporting the fiscal year 2019 Department of Defense budget request shall be prepared and submitted to the Congress as if subsections (a) and (b) of this provision were effective with regard to fiscal year 2019. (c) As required by section 1107 of the National Defense Authorization Act for Fiscal Year 2014 (Public Law 113-66; 10 U.S.C 2358 note) civilian personnel at the Department of Army Science and Technology Reinvention Laboratories may not be managed on the basis of the Table of Distribution and Allowances, and the management of the workforce strength shall be done in a manner consistent with the budget available with respect to such Laboratories. (d) Nothing in this section shall be construed to apply to military (civilian) technicians. Sec. 8013. None of the funds made available by this Act shall be used in any way, directly or indirectly, to influence congressional action on any legislation or appropriation matters pending before the Congress. Sec. 8014. None of the funds appropriated by this Act shall be available for the basic pay and allowances of any member of the Army participating as a full-time student and receiving benefits paid by the Secretary of Veterans Affairs from the Department of Defense Education Benefits Fund when time spent as a full-time student is credited toward completion of a service commitment: Provided, That this section shall not apply to those members who have reenlisted with this option prior to October 1, 1987: Provided further, That this section applies only to active components of the Army. (transfer of funds) Sec. 8015. Funds appropriated in title III of this Act for the Department of Defense Pilot Mentor-Protege ***Program*** may be transferred to any other appropriation contained in this Act solely for the purpose of implementing a Mentor-Protege ***Program*** developmental assistance agreement pursuant to section 831 of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510; 10 U.S.C 2302 note), as amended, under the authority of this provision or any other transfer authority contained in this Act. Sec. 8016. None of the funds in this Act may be available for the purchase by the Department of Defense (and its departments and agencies) of welded shipboard anchor and mooring chain 4 inches in diameter and under unless the anchor and mooring chain are manufactured in the United States from components which are substantially manufactured in the United States: Provided, That for the purpose of this section, the term ``manufactured'' shall include cutting, heat treating, quality control, testing of chain and welding (including the forging and shot blasting process): Provided further, That for the purpose of this section substantially all of the components of anchor and mooring chain shall be considered to be ***produced*** or manufactured in the United States if the aggregate cost of the components ***produced*** or manufactured in the United States exceeds the aggregate cost of the components ***produced*** or manufactured outside the United States: Provided further, That when adequate domestic supplies are not available to meet Department of Defense requirements on a timely basis, the Secretary of the service responsible for the procurement may waive this restriction on a case-by-case basis by certifying in writing to the Committees on Appropriations that such an acquisition must be made in order to acquire capability for national security purposes. Sec. 8017. None of the funds available to the Department of Defense may be used to demilitarize or dispose of M-1 Carbines, M-1 Garand rifles, M-14 rifles, .22 caliber rifles, .30 caliber rifles, or M-1911 pistols, or to demilitarize or destroy small arms ammunition or ammunition components that are not otherwise prohibited from commercial sale under Federal law, unless the small arms ammunition or ammunition components are certified by the Secretary of the Army or designee as unserviceable or unsafe for further use. Sec. 8018. No more than $500,000 of the funds appropriated or made available in this Act shall be used during a single fiscal year for any single relocation of an organization, unit, activity or function of the Department of Defense into or within the National Capital Region: Provided, That the Secretary of Defense may waive this restriction on a case-by- case basis by certifying in writing to the congressional defense committees that such a relocation is required in the best interest of the Government. Sec. 8019. Of the funds made available in this Act, $20,000,000 shall be available for incentive payments authorized by section 504 of the Indian Financing Act of 1974 (25 U.S.C 1544): Provided, That a prime contractor or a subcontractor at any tier that makes a subcontract award to any subcontractor or supplier as defined in section 1544 of title 25, United States Code, or a small business owned and controlled by an individual or individuals defined under section 4221(9) of title 25, United States Code, shall be considered a contractor for the purposes of being allowed additional compensation under section 504 of the Indian Financing Act of 1974 (25 U.S.C 1544) whenever the prime contract or subcontract amount is over $500,000 and involves the expenditure of funds appropriated by an Act making appropriations for the Department of Defense with respect to any fiscal year: Provided further, That notwithstanding section 1906 of title 41, United States Code, this section shall be applicable to any Department of Defense acquisition of supplies or services, including any contract and any subcontract at any tier for acquisition of commercial items ***produced*** or manufactured, in whole or in part, by any subcontractor or supplier defined in section 1544 of title 25, United States Code, or a small business owned and controlled by an individual or individuals defined under section 4221(9) of title 25, United States Code. Sec. 8020. Funds appropriated by this Act for the Defense Media Activity shall not be used for any national or international political or psychological activities. Sec. 8021. During the current fiscal year, the Department of Defense is authorized to incur obligations of not to exceed $350,000,000 for purposes specified in section 2350j(c) of title 10, United States Code, in anticipation of receipt of contributions, only from the Government of Kuwait, under that section: Provided, That, upon receipt, such contributions from the Government of Kuwait shall be credited to the appropriations or fund which incurred such obligations. Sec. 8022. (a) Of the funds made available in this Act, not less than $43,100,000 shall be available for the Civil Air Patrol Corporation, of which-- (1) $30,800,000 shall be available from ``Operation and Maintenance, Air Force'' to support Civil Air Patrol Corporation operation and maintenance, readiness, counter- drug activities, and drug demand reduction activities involving youth ***programs***; (2) $10,600,000 shall be available from ``Aircraft Procurement, Air Force''; and (3) $1,700,000 shall be available from ``Other Procurement, Air Force'' for vehicle procurement. (b) The Secretary of the Air Force should waive reimbursement for any funds used by the Civil Air Patrol for counter-drug activities in support of Federal, State, and local government agencies. Sec. 8023. (a) None of the funds appropriated in this Act are available to establish a new Department of Defense (department) federally funded research and development center (FFRDC), either as a new entity, or as a separate entity administrated by an organization managing another FFRDC, or as a nonprofit membership corporation consisting of a consortium of other FFRDCs and other nonprofit entities. (b) No member of a Board of Directors, Trustees, Overseers, Advisory Group, Special Issues Panel, Visiting Committee, or any similar entity of a defense FFRDC, and no paid consultant to any defense FFRDC, except when acting in a technical advisory capacity, may be compensated for his or her services as a member of such entity, or as a paid consultant by more than one FFRDC in a fiscal year: Provided, That a member of any such entity referred to previously in this subsection shall be allowed travel expenses and per diem as authorized under the Federal Joint Travel Regulations, when engaged in the performance of membership duties. (c) Notwithstanding any other provision of law, none of the funds available to the department from any source during the current fiscal year may be used by a defense FFRDC, through a fee or other payment mechanism, for construction of new buildings not located on a military installation, for payment of cost sharing for projects funded by Government grants, for absorption of contract overruns, or for certain charitable contributions, [[Page H707]] not to include employee participation in community service and/or development. (d) Notwithstanding any other provision of law, of the funds available to the department during fiscal year 2018, not more than 6,000 staff years of technical effort (staff years) may be funded for defense FFRDCs: Provided, That, of the specific amount referred to previously in this subsection, not more than 1,180 staff years may be funded for the defense studies and analysis FFRDCs: Provided further, That this subsection shall not apply to staff years funded in the National Intelligence ***Program*** (NIP) and the Military Intelligence ***Program*** (MIP). (e) The Secretary of Defense shall, with the submission of the department's fiscal year 2019 budget request, submit a report presenting the specific amounts of staff years of technical effort to be allocated for each defense FFRDC during that fiscal year and the associated budget estimates. (f) Notwithstanding any other provision of this Act, the total amount appropriated in this Act for FFRDCs is hereby reduced by $210,000,000. Sec. 8024. None of the funds appropriated or made available in this Act shall be used to procure carbon, alloy, or armor steel plate for use in any Government-owned facility or property under the control of the Department of Defense which were not melted and rolled in the United States or Canada: Provided, That these procurement restrictions shall apply to any and all Federal Supply Class 9515, American Society of Testing and Materials (ASTM) or American Iron and Steel Institute (AISI) specifications of carbon, alloy or armor steel plate: Provided further, That the Secretary of the military department responsible for the procurement may waive this restriction on a case-by-case basis by certifying in writing to the Committees on Appropriations of the House of Representatives and the Senate that adequate domestic supplies are not available to meet Department of Defense requirements on a timely basis and that such an acquisition must be made in order to acquire capability for national security purposes: Provided further, That these restrictions shall not apply to contracts which are in being as of the date of the enactment of this Act. Sec. 8025. For the purposes of this Act, the term ``congressional defense committees'' means the Armed Services Committee of the House of Representatives, the Armed Services Committee of the Senate, the Subcommittee on Defense of the Committee on Appropriations of the Senate, and the Subcommittee on Defense of the Committee on Appropriations of the House of Representatives. Sec. 8026. During the current fiscal year, the Department of Defense may acquire the modification, depot maintenance and repair of aircraft, vehicles and vessels as well as the production of components and other Defense-related articles, through competition between Department of Defense depot maintenance activities and private firms: Provided, That the Senior Acquisition Executive of the military department or Defense Agency concerned, with power of delegation, shall certify that successful bids include comparable estimates of all direct and indirect costs for both public and private bids: Provided further, That Office of Management and Budget Circular A-76 shall not apply to competitions conducted under this section. Sec. 8027. (a)(1) If the Secretary of Defense, after consultation with the United States Trade Representative, determines that a foreign country which is party to an agreement described in paragraph (2) has violated the terms of the agreement by discriminating against certain types of products ***produced*** in the United States that are covered by the agreement, the Secretary of Defense shall rescind the Secretary's blanket waiver of the Buy American Act with respect to such types of products ***produced*** in that foreign country. (2) An agreement referred to in paragraph (1) is any reciprocal defense procurement memorandum of understanding, between the United States and a foreign country pursuant to which the Secretary of Defense has prospectively waived the Buy American Act for certain products in that country. (b) The Secretary of Defense shall submit to the Congress a report on the amount of Department of Defense purchases from foreign entities in fiscal year 2018. Such report shall separately indicate the dollar value of items for which the Buy American Act was waived pursuant to any agreement described in subsection (a)(2), the Trade Agreement Act of 1979 (19 U.S.C 2501 et seq.), or any international agreement to which the United States is a party. (c) For purposes of this section, the term Buy American Act means chapter 83 of title 41, United States Code. Sec. 8028. During the current fiscal year, amounts contained in the Department of Defense Overseas Military Facility Investment Recovery Account established by section 2921(c)(1) of the National Defense Authorization Act of 1991 (Public Law 101-510; 10 U.S.C 2687 note) shall be available until expended for the payments specified by section 2921(c)(2) of that Act. Sec. 8029. (a) Notwithstanding any other provision of law, the Secretary of the Air Force may convey at no cost to the Air Force, without consideration, to Indian tribes located in the States of Nevada, Idaho, North Dakota, South Dakota, Montana, Oregon, Minnesota, and Washington relocatable military housing units located at Grand Forks Air Force Base, Malmstrom Air Force Base, Mountain Home Air Force Base, Ellsworth Air Force Base, and Minot Air Force Base that are excess to the needs of the Air Force. (b) The Secretary of the Air Force shall convey, at no cost to the Air Force, military housing units under subsection (a) in accordance with the request for such units that are submitted to the Secretary by the Operation Walking Shield ***Program*** on behalf of Indian tribes located in the States of Nevada, Idaho, North Dakota, South Dakota, Montana, Oregon, Minnesota, and Washington. Any such conveyance shall be subject to the condition that the housing units shall be removed within a reasonable period of time, as determined by the Secretary. (c) The Operation Walking Shield ***Program*** shall resolve any conflicts among requests of Indian tribes for housing units under subsection (a) before submitting requests to the Secretary of the Air Force under subsection (b). (d) In this section, the term Indian tribe means any recognized Indian tribe included on the current list published by the Secretary of the Interior under section 104 of the Federally Recognized Indian Tribe Act of 1994 (Public Law 103-454; 108 Stat. 4792; 25 U.S.C 479a-1). Sec. 8030. During the current fiscal year, appropriations which are available to the Department of Defense for operation and maintenance may be used to purchase items having an investment item unit cost of not more than $250,000. Sec. 8031. None of the funds made available by this Act may be used to-- (1) disestablish, or prepare to disestablish, a Senior Reserve Officers' Training Corps ***program*** in accordance with Department of Defense Instruction Number 1215.08, dated June 26, 2006; or (2) close, downgrade from host to extension center, or place on probation a Senior Reserve Officers' Training Corps ***program*** in accordance with the information paper of the Department of the Army titled ``Army Senior Reserve Officers' Training Corps (SROTC) ***Program*** Review and Criteria'', dated January 27, 2014. Sec. 8032. The Secretary of Defense shall issue regulations to prohibit the sale of any tobacco or tobacco- related products in military resale outlets in the United States, its territories and possessions at a price below the most competitive price in the local community: Provided, That such regulations shall direct that the prices of tobacco or tobacco-related products in overseas military retail outlets shall be within the range of prices established for military retail system stores located in the United States. Sec. 8033. (a) During the current fiscal year, none of the appropriations or funds available to the Department of Defense Working Capital Funds shall be used for the purchase of an investment item for the purpose of acquiring a new inventory item for sale or anticipated sale during the current fiscal year or a subsequent fiscal year to customers of the Department of Defense Working Capital Funds if such an item would not have been chargeable to the Department of Defense Business Operations Fund during fiscal year 1994 and if the purchase of such an investment item would be chargeable during the current fiscal year to appropriations made to the Department of Defense for procurement. (b) The fiscal year 2019 budget request for the Department of Defense as well as all justification material and other documentation supporting the fiscal year 2019 Department of Defense budget shall be prepared and submitted to the Congress on the basis that any equipment which was classified as an end item and funded in a procurement appropriation contained in this Act shall be budgeted for in a proposed fiscal year 2019 procurement appropriation and not in the supply management business area or any other area or category of the Department of Defense Working Capital Funds. Sec. 8034. None of the funds appropriated by this Act for ***programs*** of the Central Intelligence Agency shall remain available for obligation beyond the current fiscal year, except for funds appropriated for the Reserve for Contingencies, which shall remain available until September 30, 2019: Provided, That funds appropriated, transferred, or otherwise credited to the Central Intelligence Agency Central Services Working Capital Fund during this or any prior or subsequent fiscal year shall remain available until expended: Provided further, That any funds appropriated or transferred to the Central Intelligence Agency for advanced research and development acquisition, for agent operations, and for covert action ***programs*** authorized by the President under section 503 of the National Security Act of 1947 (50 U.S.C 3093) shall remain available until September 30, 2019. Sec. 8035. Notwithstanding any other provision of law, funds made available in this Act and hereafter for the Defense Intelligence Agency may be used for the design, development, and deployment of General Defense Intelligence ***Program*** intelligence communications and intelligence information systems for the Services, the Unified and Specified Commands, and the component commands. Sec. 8036. Of the funds appropriated to the Department of Defense under the heading ``Operation and Maintenance, Defense-Wide'', not less than $12,000,000 shall be made available only for the mitigation of environmental impacts, including training and technical assistance to tribes, related administrative support, the gathering of information, documenting of environmental damage, [[Page H708]] and developing a system for prioritization of mitigation and cost to complete estimates for mitigation, on Indian lands resulting from Department of Defense activities. Sec. 8037. (a) None of the funds appropriated in this Act may be expended by an entity of the Department of Defense unless the entity, in expending the funds, complies with the Buy American Act. For purposes of this subsection, the term Buy American Act means chapter 83 of title 41, United States Code. (b) If the Secretary of Defense determines that a person has been convicted of intentionally affixing a label bearing a ``Made in America'' inscription to any product sold in or shipped to the United States that is not made in America, the Secretary shall determine, in accordance with section 2410f of title 10, United States Code, whether the person should be debarred from contracting with the Department of Defense. (c) In the case of any equipment or products purchased with appropriations provided under this Act, it is the sense of the Congress that any entity of the Department of Defense, in expending the appropriation, purchase only American-made equipment and products, provided that American-made equipment and products are cost-competitive, quality competitive, and available in a timely fashion. Sec. 8038. (a) Except as provided in subsections (b) and (c), none of the funds made available by this Act may be used-- (1) to establish a field operating agency; or (2) to pay the basic pay of a member of the Armed Forces or civilian employee of the department who is transferred or reassigned from a headquarters activity if the member or employee's place of duty remains at the location of that headquarters. (b) The Secretary of Defense or Secretary of a military department may waive the limitations in subsection (a), on a case-by-case basis, if the Secretary determines, and certifies to the Committees on Appropriations of the House of Representatives and the Senate that the granting of the waiver will reduce the personnel requirements or the financial requirements of the department. (c) This section does not apply to-- (1) field operating agencies funded within the National Intelligence ***Program***; (2) an Army field operating agency established to eliminate, mitigate, or counter the effects of improvised explosive devices, and, as determined by the Secretary of the Army, other similar threats; (3) an Army field operating agency established to improve the effectiveness and efficiencies of biometric activities and to integrate common biometric technologies throughout the Department of Defense; or (4) an Air Force field operating agency established to administer the Air Force Mortuary Affairs ***Program*** and Mortuary Operations for the Department of Defense and authorized Federal entities. Sec. 8039. (a) None of the funds appropriated by this Act shall be available to convert to contractor performance an activity or function of the Department of Defense that, on or after the date of the enactment of this Act, is performed by Department of Defense civilian employees unless-- (1) the conversion is based on the result of a public- private competition that includes a most efficient and cost effective organization ***plan*** developed by such activity or function; (2) the Competitive Sourcing Official determines that, over all performance periods stated in the solicitation of offers for performance of the activity or function, the cost of performance of the activity or function by a contractor would be less costly to the Department of Defense by an amount that equals or exceeds the lesser of-- (A) 10 percent of the most efficient organization's personnel-related costs for performance of that activity or function by Federal employees; or (B) $10,000,000; and (3) the contractor does not receive an advantage for a proposal that would reduce costs for the Department of Defense by-- (A) not making an employer-sponsored health insurance ***plan*** available to the workers who are to be employed in the performance of that activity or function under the contract; or (B) offering to such workers an employer-sponsored health benefits ***plan*** that requires the employer to contribute less towards the premium or subscription share than the amount that is paid by the Department of Defense for health benefits for civilian employees under chapter 89 of title 5, United States Code. (b)(1) The Department of Defense, without regard to subsection (a) of this section or subsection (a), (b), or (c) of section 2461 of title 10, United States Code, and notwithstanding any administrative regulation, requirement, or policy to the contrary shall have full authority to enter into a contract for the performance of any commercial or industrial type function of the Department of Defense that-- (A) is included on the procurement list established pursuant to section 2 of the Javits-Wagner-O'Day Act (section 8503 of title 41, United States Code); (B) is ***planned*** to be converted to performance by a qualified nonprofit agency for the blind or by a qualified nonprofit agency for other severely handicapped individuals in accordance with that Act; or (C) is ***planned*** to be converted to performance by a qualified firm under at least 51 percent ownership by an Indian tribe, as defined in section 4(e) of the Indian Self- Determination and Education Assistance Act (25 U.S.C 450b(e)), or a Native Hawaiian Organization, as defined in section 8(a)(15) of the Small Business Act (15 U.S.C 637(a)(15)). (2) This section shall not apply to depot contracts or contracts for depot maintenance as provided in sections 2469 and 2474 of title 10, United States Code. (c) The conversion of any activity or function of the Department of Defense under the authority provided by this section shall be credited toward any competitive or outsourcing goal, target, or measurement that may be established by statute, regulation, or policy and is deemed to be awarded under the authority of, and in compliance with, subsection (h) of section 2304 of title 10, United States Code, for the competition or outsourcing of commercial activities. (rescissions) Sec. 8040. Of the funds appropriated in Department of Defense Appropriations Acts, the following funds are hereby rescinded from the following accounts and ***programs*** in the specified amounts: Provided, That no amounts may be rescinded from amounts that were designated by the Congress for Overseas Contingency Operations/Global War on Terrorism or as an emergency requirement pursuant to the Concurrent Resolution on the Budget or the Balanced Budget and Emergency Deficit Control Act of 1985, as amended: ``Aircraft Procurement, Navy'', 2016/2018, $274,000,000; ``Aircraft Procurement, Air Force'', 2016/2018, $82,700,000; ``Missile Procurement, Army'', 2017/2019, $19,319,000; ``Procurement of Weapons and Tracked Combat Vehicles, Army'', 2017/2019, $9,764,000; ``Other Procurement, Army'', 2017/2019, $10,000,000; ``Aircraft Procurement, Navy'', 2017/2019, $105,600,000; ``Weapons Procurement, Navy'', 2017/2019, $54,122,000; ``Shipbuilding and Conversion, Navy'', 2017/2021, $45,116,000; ``Aircraft Procurement, Air Force'', 2017/2019, $63,293,000; ``Missile Procurement, Air Force'', 2017/2019, $31,639,000; ``Space Procurement, Air Force'', 2017/2019, $15,000,000; ``Other Procurement, Air Force'', 2017/2019, $105,000,000; ``Research, Development, Test and Evaluation, Navy'', 2017/ 2018, $34,128,000; ``Research, Development, Test and Evaluation, Air Force'', 2017/2018, $41,700,000. Sec. 8041. None of the funds available in this Act may be used to reduce the authorized positions for military technicians (dual status) of the Army National Guard, Air National Guard, Army Reserve and Air Force Reserve for the purpose of applying any administratively imposed civilian personnel ceiling, freeze, or reduction on military technicians (dual status), unless such reductions are a direct result of a reduction in military force structure. Sec. 8042. None of the funds appropriated or otherwise made available in this Act may be obligated or expended for assistance to the Democratic People's Republic of Korea unless specifically appropriated for that purpose. Sec. 8043. Funds appropriated in this Act for operation and maintenance of the Military Departments, Combatant Commands and Defense Agencies shall be available for reimbursement of pay, allowances and other expenses which would otherwise be incurred against appropriations for the National Guard and Reserve when members of the National Guard and Reserve provide intelligence or counterintelligence support to Combatant Commands, Defense Agencies and Joint Intelligence Activities, including the activities and ***programs*** included within the National Intelligence ***Program*** and the Military Intelligence ***Program***: Provided, That nothing in this section authorizes deviation from established Reserve and National Guard personnel and training procedures. Sec. 8044. (a) None of the funds available to the Department of Defense for any fiscal year for drug interdiction or counter-drug activities may be transferred to any other department or agency of the United States except as specifically provided in an appropriations law. (b) None of the funds available to the Central Intelligence Agency for any fiscal year for drug interdiction or counter- drug activities may be transferred to any other department or agency of the United States except as specifically provided in an appropriations law. Sec. 8045. None of the funds appropriated by this Act may be used for the procurement of ball and roller bearings other than those ***produced*** by a domestic source and of domestic origin: Provided, That the Secretary of the military department responsible for such procurement may waive this restriction on a case-by-case basis by certifying in writing to the Committees on Appropriations of the House of Representatives and the Senate, that adequate domestic supplies are not available to meet Department of Defense requirements on a timely basis and that such an acquisition must be made in order to acquire capability for national security purposes: Provided further, That this restriction shall not apply to the purchase of ``commercial items'', as defined by section 103 of title 41, United States Code, except that the restriction shall apply to ball or roller bearings purchased as end items. [[Page H709]] Sec. 8046. None of the funds made available by this Act for Evolved Expendable Launch Vehicle service competitive procurements may be used unless the competitive procurements are open for award to all certified providers of Evolved Expendable Launch Vehicle-class systems: Provided, That the award shall be made to the provider that offers the best value to the government. Sec. 8047. In addition to the amounts appropriated or otherwise made available elsewhere in this Act, $44,000,000 is hereby appropriated to the Department of Defense: Provided, That upon the determination of the Secretary of Defense that it shall serve the national interest, the Secretary shall make grants in the amounts specified as follows: $20,000,000 to the United Service Organizations and $24,000,000 to the Red Cross. Sec. 8048. None of the funds in this Act may be used to purchase any supercomputer which is not manufactured in the United States, unless the Secretary of Defense certifies to the congressional defense committees that such an acquisition must be made in order to acquire capability for national security purposes that is not available from United States manufacturers. Sec. 8049. Notwithstanding any other provision in this Act, the Small Business Innovation Research ***program*** and the Small Business Technology Transfer ***program*** set-asides shall be taken proportionally from all ***programs***, projects, or activities to the extent they contribute to the extramural budget. Sec. 8050. None of the funds available to the Department of Defense under this Act shall be obligated or expended to pay a contractor under a contract with the Department of Defense for costs of any amount paid by the contractor to an employee when-- (1) such costs are for a bonus or otherwise in excess of the normal salary paid by the contractor to the employee; and (2) such bonus is part of restructuring costs associated with a business combination. (including transfer of funds) Sec. 8051. During the current fiscal year, no more than $30,000,000 of appropriations made in this Act under the heading ``Operation and Maintenance, Defense-Wide'' may be transferred to appropriations available for the pay of military personnel, to be merged with, and to be available for the same time period as the appropriations to which transferred, to be used in support of such personnel in connection with support and services for eligible organizations and activities outside the Department of Defense pursuant to section 2012 of title 10, United States Code. Sec. 8052. During the current fiscal year, in the case of an appropriation account of the Department of Defense for which the period of availability for obligation has expired or which has closed under the provisions of section 1552 of title 31, United States Code, and which has a negative unliquidated or unexpended balance, an obligation or an adjustment of an obligation may be charged to any current appropriation account for the same purpose as the expired or closed account if-- (1) the obligation would have been properly chargeable (except as to amount) to the expired or closed account before the end of the period of availability or closing of that account; (2) the obligation is not otherwise properly chargeable to any current appropriation account of the Department of Defense; and (3) in the case of an expired account, the obligation is not chargeable to a current appropriation of the Department of Defense under the provisions of section 1405(b)(8) of the National Defense Authorization Act for Fiscal Year 1991, Public Law 101-510, as amended (31 U.S.C 1551 note): Provided, That in the case of an expired account, if subsequent review or investigation discloses that there was not in fact a negative unliquidated or unexpended balance in the account, any charge to a current account under the authority of this section shall be reversed and recorded against the expired account: Provided further, That the total amount charged to a current appropriation under this section may not exceed an amount equal to 1 percent of the total appropriation for that account. Sec. 8053. (a) Notwithstanding any other provision of law, the Chief of the National Guard Bureau may permit the use of equipment of the National Guard Distance Learning Project by any person or entity on a space-available, reimbursable basis. The Chief of the National Guard Bureau shall establish the amount of reimbursement for such use on a case-by-case basis. (b) Amounts collected under subsection (a) shall be credited to funds available for the National Guard Distance Learning Project and be available to defray the costs associated with the use of equipment of the project under that subsection. Such funds shall be available for such purposes without fiscal year limitation. Sec. 8054. None of the funds available to the Department of Defense may be obligated to modify command and control relationships to give Fleet Forces Command operational and administrative control of United States Navy forces assigned to the Pacific fleet: Provided, That the command and control relationships which existed on October 1, 2004, shall remain in force until a written modification has been proposed to the House and Senate Appropriations Committees: Provided further, That the proposed modification may be implemented 30 days after the notification unless an objection is received from either the House or Senate Appropriations Committees: Provided further, That any proposed modification shall not preclude the ability of the commander of United States Pacific Command to meet operational requirements. (including transfer of funds) Sec. 8055. Of the funds appropriated in this Act under the heading ``Operation and Maintenance, Defense-Wide'', $25,000,000 (increased by $10,000,000) shall be for continued implementation and expansion of the Sexual Assault Special Victims' Counsel ***Program***: Provided, That the funds are made available for transfer to the Department of the Army, the Department of the Navy, and the Department of the Air Force: Provided further, That funds transferred shall be merged with and available for the same purposes and for the same time period as the appropriations to which the funds are transferred: Provided further, That this transfer authority is in addition to any other transfer authority provided in this Act. Sec. 8056. None of the funds appropriated in title IV of this Act may be used to procure end-items for delivery to military forces for operational training, operational use or inventory requirements: Provided, That this restriction does not apply to end-items used in development, prototyping, and test activities preceding and leading to acceptance for operational use: Provided further, That this restriction does not apply to ***programs*** funded within the National Intelligence ***Program***: Provided further, That the Secretary of Defense may waive this restriction on a case-by-case basis by certifying in writing to the Committees on Appropriations of the House of Representatives and the Senate that it is in the national security interest to do so. Sec. 8057. (a) The Secretary of Defense may, on a case-by- case basis, waive with respect to a foreign country each limitation on the procurement of defense items from foreign sources provided in law if the Secretary determines that the application of the limitation with respect to that country would invalidate cooperative ***programs*** entered into between the Department of Defense and the foreign country, or would invalidate reciprocal trade agreements for the procurement of defense items entered into under section 2531 of title 10, United States Code, and the country does not discriminate against the same or similar defense items ***produced*** in the United States for that country. (b) Subsection (a) applies with respect to-- (1) contracts and subcontracts entered into on or after the date of the enactment of this Act; and (2) options for the procurement of items that are exercised after such date under contracts that are entered into before such date if the option prices are adjusted for any reason other than the application of a waiver granted under subsection (a). (c) Subsection (a) does not apply to a limitation regarding construction of public vessels, ball and roller bearings, food, and clothing or textile materials as defined by section XI (chapters 50-65) of the Harmonized Tariff Schedule of the United States and products classified under headings 4010, 4202, 4203, 6401 through 6406, 6505, 7019, 7218 through 7229, 7304.41 through 7304.49, 7306.40, 7502 through 7508, 8105, 8108, 8109, 8211, 8215, and 9404. Sec. 8058. None of the funds appropriated or otherwise made available by this or other Department of Defense Appropriations Acts may be obligated or expended for the purpose of performing repairs or maintenance to military family housing units of the Department of Defense, including areas in such military family housing units that may be used for the purpose of conducting official Department of Defense business. Sec. 8059. Notwithstanding any other provision of law, funds appropriated in this Act under the heading ``Research, Development, Test and Evaluation, Defense-Wide'' for any new start advanced concept technology demonstration project or joint capability demonstration project may only be obligated 45 days after a report, including a description of the project, the ***planned*** acquisition and transition strategy and its estimated annual and total cost, has been provided in writing to the congressional defense committees: Provided, That the Secretary of Defense may waive this restriction on a case-by-case basis by certifying to the congressional defense committees that it is in the national interest to do so. Sec. 8060. The Secretary of Defense shall continue to provide a classified quarterly report to the House and Senate Appropriations Committees, Subcommittees on Defense on certain matters as directed in the classified annex accompanying this Act. Sec. 8061. Notwithstanding section 12310(b) of title 10, United States Code, a Reserve who is a member of the National Guard serving on full-time National Guard duty under section 502(f) of title 32, United States Code, may perform duties in support of the ground-based elements of the National Ballistic Missile Defense System. Sec. 8062. None of the funds provided in this Act may be used to transfer to any nongovernmental entity ammunition held by the Department of Defense that has a center-fire cartridge and a United States military nomenclature designation of ``armor penetrator'', ``armor piercing (AP)'', ``armor piercing incendiary (API)'', or ``armor-piercing incendiary tracer (API-T)'', except to an entity performing demilitarization services for the Department of Defense under a contract that requires the entity to demonstrate to the satisfaction of the Department of Defense that armor piercing projectiles are either: [[Page H710]] (1) rendered incapable of reuse by the demilitarization process; or (2) used to manufacture ammunition pursuant to a contract with the Department of Defense or the manufacture of ammunition for export pursuant to a License for Permanent Export of Unclassified Military Articles issued by the Department of State. Sec. 8063. Notwithstanding any other provision of law, the Chief of the National Guard Bureau, or his designee, may waive payment of all or part of the consideration that otherwise would be required under section 2667 of title 10, United States Code, in the case of a lease of personal property for a period not in excess of 1 year to any organization specified in section 508(d) of title 32, United States Code, or any other youth, social, or fraternal nonprofit organization as may be approved by the Chief of the National Guard Bureau, or his designee, on a case-by-case basis. (including transfer of funds) Sec. 8064. Of the amounts appropriated in this Act under the heading ``Operation and Maintenance, Army'', $66,881,780 shall remain available until expended: Provided, That, notwithstanding any other provision of law, the Secretary of Defense is authorized to transfer such funds to other activities of the Federal Government: Provided further, That the Secretary of Defense is authorized to enter into and carry out contracts for the acquisition of real property, construction, personal services, and operations related to projects carrying out the purposes of this section: Provided further, That contracts entered into under the authority of this section may provide for such indemnification as the Secretary determines to be necessary: Provided further, That projects authorized by this section shall comply with applicable Federal, State, and local law to the maximum extent consistent with the national security, as determined by the Secretary of Defense. Sec. 8065. (a) None of the funds appropriated in this or any other Act may be used to take any action to modify-- (1) the appropriations account structure for the National Intelligence ***Program*** budget, including through the creation of a new appropriation or new appropriation account; (2) how the National Intelligence ***Program*** budget request is presented in the unclassified P-1, R-1, and O-1 documents supporting the Department of Defense budget request; (3) the process by which the National Intelligence ***Program*** appropriations are apportioned to the executing agencies; or (4) the process by which the National Intelligence ***Program*** appropriations are allotted, obligated and disbursed. (b) Nothing in section (a) shall be construed to prohibit the merger of ***programs*** or changes to the National Intelligence ***Program*** budget at or below the Expenditure Center level, provided such change is otherwise in accordance with paragraphs (a)(1)-(3). (c) The Director of National Intelligence and the Secretary of Defense may jointly, only for the purposes of achieving auditable financial statements and improving fiscal reporting, study and develop detailed proposals for alternative financial management processes. Such study shall include a comprehensive counterintelligence risk assessment to ensure that none of the alternative processes will adversely affect counterintelligence. (d) Upon development of the detailed proposals defined under subsection (c), the Director of National Intelligence and the Secretary of Defense shall-- (1) provide the proposed alternatives to all affected agencies; (2) receive certification from all affected agencies attesting that the proposed alternatives will help achieve auditability, improve fiscal reporting, and will not adversely affect counterintelligence; and (3) not later than 30 days after receiving all necessary certifications under paragraph (2), present the proposed alternatives and certifications to the congressional defense and intelligence committees. Sec. 8066. In addition to amounts provided elsewhere in this Act, $5,000,000 (increased by $5,000,000) is hereby appropriated to the Department of Defense, to remain available for obligation until expended: Provided, That notwithstanding any other provision of law, that upon the determination of the Secretary of Defense that it shall serve the national interest, these funds shall be available only for a grant to the Fisher House Foundation, Inc., only for the construction and furnishing of additional Fisher Houses to meet the needs of military family members when confronted with the illness or hospitalization of an eligible military beneficiary. (including transfer of funds) Sec. 8067. Of the amounts appropriated in this Act under the headings ``Procurement, Defense-Wide'' and ``Research, Development, Test and Evaluation, Defense-Wide'', $705,800,000 shall be for the Israeli Cooperative ***Programs***: Provided, That of this amount, $92,000,000 shall be for the Secretary of Defense to provide to the Government of Israel for the procurement of the Iron Dome defense system to counter short-range rocket threats, subject to the U.S - Israel Iron Dome Procurement Agreement, as amended; $221,500,000 shall be for the Short Range Ballistic Missile Defense (SRBMD) ***program***, including cruise missile defense research and development under the SRBMD ***program***, of which $120,000,000 shall be for co-production activities of SRBMD missiles in the United States and in Israel to meet Israel's defense requirements consistent with each nation's laws, regulations, and procedures, subject to the U.S -Israeli co- production agreement for SRBMD, as amended; $205,000,000 shall be for an upper-tier component to the Israeli Missile Defense Architecture, of which $120,000,000 shall be for co- production activities of Arrow 3 Upper Tier missiles in the United States and in Israel to meet Israel's defense requirements consistent with each nation's laws, regulations, and procedures, subject to the U.S -Israeli co-production agreement for Arrow 3 Upper Tier, as amended; $105,000,000 shall be for testing of the upper-tier component to the Israeli Missile Defense Architecture in the United States; and $82,300,000 shall be for the Arrow System Improvement ***Program*** including development of a long range, ground and airborne, detection suite: Provided further, That the transfer authority provided under this provision is in addition to any other transfer authority contained in this Act. (including transfer of funds) Sec. 8068. Of the amounts appropriated in this Act under the heading ``Shipbuilding and Conversion, Navy'', $117,542,000 shall be available until September 30, 2018, to fund prior year shipbuilding cost increases: Provided, That upon enactment of this Act, the Secretary of the Navy shall transfer funds to the following appropriations in the amounts specified: Provided further, That the amounts transferred shall be merged with and be available for the same purposes as the appropriations to which transferred to: (1) Under the heading ``Shipbuilding and Conversion, Navy'', 2012/2018: Carrier Replacement ***Program*** $20,000,000; (2) Under the heading ``Shipbuilding and Conversion, Navy'', 2008/2018: DDG-51 Destroyer $19,436,000; (3) Under the heading ``Shipbuilding and Conversion, Navy'', 2012/2018: Littoral Combat Ship $6,394,000; (4) Under the heading ``Shipbuilding and Conversion, Navy'', 2012/2018: LHA Replacement $14,200,000; (5) Under the heading ``Shipbuilding and Conversion, Navy'', 2013/2018: DDG-51 Destroyer $31,941,000; (6) Under the heading ``Shipbuilding and Conversion, Navy'', 2014/2018: Litoral Combat Ship $20,471,000; and (7) Under the heading ``Shipbuilding and Conversion, Navy'', 2015/2018: LCAC $5,100,000. Sec. 8069. Funds appropriated by this Act, or made available by the transfer of funds in this Act, for intelligence activities are deemed to be specifically authorized by the Congress for purposes of section 504 of the National Security Act of 1947 (50 U.S.C 3094) during fiscal year 2018 until the enactment of the Intelligence Authorization Act for Fiscal Year 2018. Sec. 8070. None of the funds provided in this Act shall be available for obligation or expenditure through a reprogramming of funds that creates or initiates a new ***program***, project, or activity unless such ***program***, project, or activity must be undertaken immediately in the interest of national security and only after written prior notification to the congressional defense committees. Sec. 8071. The budget of the President for fiscal year 2018 submitted to the Congress pursuant to section 1105 of title 31, United States Code, shall include separate budget justification documents for costs of United States Armed Forces' participation in contingency operations for the Military Personnel accounts, the Operation and Maintenance accounts, the Procurement accounts, and the Research, Development, Test and Evaluation accounts: Provided, That these documents shall include a description of the funding requested for each contingency operation, for each military service, to include all Active and Reserve components, and for each appropriations account: Provided further, That these documents shall include estimated costs for each element of expense or object class, a reconciliation of increases and decreases for each contingency operation, and programmatic data including, but not limited to, troop strength for each Active and Reserve component, and estimates of the major weapons systems deployed in support of each contingency: Provided further, That these documents shall include budget exhibits OP-5 and OP-32 (as defined in the Department of Defense Financial Management Regulation) for all contingency operations for the budget year and the two preceding fiscal years. Sec. 8072. None of the funds in this Act may be used for research, development, test, evaluation, procurement or deployment of nuclear armed interceptors of a missile defense system. Sec. 8073. Notwithstanding any other provision of this Act, to reflect savings due to favorable foreign exchange rates, the total amount appropriated in this Act is hereby reduced by $289,000,000. Sec. 8074. None of the funds appropriated or made available in this Act shall be used to reduce or disestablish the operation of the 53rd Weather Reconnaissance Squadron of the Air Force Reserve, if such action would reduce the WC-130 Weather Reconnaissance mission below the levels funded in this Act: Provided, That the Air Force shall allow the 53rd Weather Reconnaissance Squadron to perform other missions in support of national defense requirements during the non- hurricane season. Sec. 8075. None of the funds provided in this Act shall be available for integration of foreign intelligence information unless the information has been lawfully collected and processed during the conduct of authorized [[Page H711]] foreign intelligence activities: Provided, That information pertaining to United States persons shall only be handled in accordance with protections provided in the Fourth Amendment of the United States Constitution as implemented through Executive Order No. 12333. Sec. 8076. (a) None of the funds appropriated by this Act may be used to transfer research and development, acquisition, or other ***program*** authority relating to current tactical unmanned aerial vehicles (TUAVs) from the Army. (b) The Army shall retain responsibility for and operational control of the MQ-1C Gray Eagle Unmanned Aerial Vehicle (UAV) in order to support the Secretary of Defense in matters relating to the employment of unmanned aerial vehicles. Sec. 8077. None of the funds appropriated by this Act for ***programs*** of the Office of the Director of National Intelligence shall remain available for obligation beyond the current fiscal year, except for funds appropriated for research and technology, which shall remain available until September 30, 2019. Sec. 8078. For purposes of section 1553(b) of title 31, United States Code, any subdivision of appropriations made in this Act under the heading ``Shipbuilding and Conversion, Navy'' shall be considered to be for the same purpose as any subdivision under the heading ``Shipbuilding and Conversion, Navy'' appropriations in any prior fiscal year, and the 1 percent limitation shall apply to the total amount of the appropriation. Sec. 8079. (a) Not later than 60 days after the date of enactment of this Act, the Director of National Intelligence shall submit a report to the congressional intelligence committees to establish the baseline for application of reprogramming and transfer authorities for fiscal year 2018: Provided, That the report shall include-- (1) a table for each appropriation with a separate column to display the President's budget request, adjustments made by Congress, adjustments due to enacted rescissions, if appropriate, and the fiscal year enacted level; (2) a delineation in the table for each appropriation by Expenditure Center and project; and (3) an identification of items of special congressional interest. (b) None of the funds provided for the National Intelligence ***Program*** in this Act shall be available for reprogramming or transfer until the report identified in subsection (a) is submitted to the congressional intelligence committees, unless the Director of National Intelligence certifies in writing to the congressional intelligence committees that such reprogramming or transfer is necessary as an emergency requirement. Sec. 8080. None of the funds made available by this Act may be used to eliminate, restructure, or realign Army Contracting Command--New Jersey or make disproportionate personnel reductions at any Army Contracting Command--New Jersey sites without 30-day prior notification to the congressional defense committees. (rescission) Sec. 8081. Of the unobligated balances available to the Department of Defense, the following funds are permanently rescinded from the following accounts and ***programs*** in the specified amounts to reflect excess cash balances in the Department of Defense Acquisition Workforce Development Fund: From ``Department of Defense Acquisition Workforce Development Fund, Defense'', $10,000,000. Sec. 8082. None of the funds made available by this Act for excess defense articles, assistance under section 333 of title 10, United States Code, or peacekeeping operations for the countries designated annually to be in violation of the standards of the Child Soldiers Prevention Act of 2008 (Public Law 110-457; 22 U.S.C 2370c-1) may be used to support any military training or operation that includes child soldiers, as defined by the Child Soldiers Prevention Act of 2008, unless such assistance is otherwise permitted under section 404 of the Child Soldiers Prevention Act of 2008. Sec. 8083. (a) None of the funds provided for the National Intelligence ***Program*** in this or any prior appropriations Act shall be available for obligation or expenditure through a reprogramming or transfer of funds in accordance with section 102A(d) of the National Security Act of 1947 (50 U.S.C 3024(d)) that-- (1) creates a new start effort; (2) terminates a ***program*** with appropriated funding of $10,000,000 or more; (3) transfers funding into or out of the National Intelligence ***Program***; or (4) transfers funding between appropriations, unless the congressional intelligence committees are notified 30 days in advance of such reprogramming of funds; this notification period may be reduced for urgent national security requirements. (b) None of the funds provided for the National Intelligence ***Program*** in this or any prior appropriations Act shall be available for obligation or expenditure through a reprogramming or transfer of funds in accordance with section 102A(d) of the National Security Act of 1947 (50 U.S.C 3024(d)) that results in a cumulative increase or decrease of the levels specified in the classified annex accompanying the Act unless the congressional intelligence committees are notified 30 days in advance of such reprogramming of funds; this notification period may be reduced for urgent national security requirements. Sec. 8084. The Director of National Intelligence shall submit to Congress each year, at or about the time that the President's budget is submitted to Congress that year under section 1105(a) of title 31, United States Code, a future- years intelligence ***program*** (including associated annexes) reflecting the estimated expenditures and proposed appropriations included in that budget. Any such future-years intelligence ***program*** shall cover the fiscal year with respect to which the budget is submitted and at least the four succeeding fiscal years. Sec. 8085. For the purposes of this Act, the term ``congressional intelligence committees'' means the Permanent Select Committee on Intelligence of the House of Representatives, the Select Committee on Intelligence of the Senate, the Subcommittee on Defense of the Committee on Appropriations of the House of Representatives, and the Subcommittee on Defense of the Committee on Appropriations of the Senate. (including transfer of funds) Sec. 8086. During the current fiscal year, not to exceed $11,000,000 from each of the appropriations made in title II of this Act for ``Operation and Maintenance, Army'', ``Operation and Maintenance, Navy'', and ``Operation and Maintenance, Air Force'' may be transferred by the military department concerned to its central fund established for Fisher Houses and Suites pursuant to section 2493(d) of title 10, United States Code. (including transfer of funds) Sec. 8087. Not to exceed $500,000,000 appropriated by this Act for operation and maintenance may be available for the purpose of making remittances and transfer to the Defense Acquisition Workforce Development Fund in accordance with section 1705 of title 10, United States Code. Sec. 8088. (a) Any agency receiving funds made available in this Act, shall, subject to subsections (b) and (c), post on the public website of that agency any report required to be submitted by the Congress in this or any other Act, upon the determination by the head of the agency that it shall serve the national interest. (b) Subsection (a) shall not apply to a report if-- (1) the public posting of the report compromises national security; or (2) the report contains proprietary information. (c) The head of the agency posting such report shall do so only after such report has been made available to the requesting Committee or Committees of Congress for no less than 45 days. Sec. 8089. (a) None of the funds appropriated or otherwise made available by this Act may be expended for any Federal contract for an amount in excess of $1,000,000, unless the contractor agrees not to-- (1) enter into any agreement with any of its employees or independent contractors that requires, as a condition of employment, that the employee or independent contractor agree to resolve through arbitration any claim under title VII of the Civil Rights Act of 1964 or any tort related to or arising out of sexual assault or harassment, including assault and battery, intentional infliction of emotional distress, false imprisonment, or negligent hiring, supervision, or retention; or (2) take any action to enforce any provision of an existing agreement with an employee or independent contractor that mandates that the employee or independent contractor resolve through arbitration any claim under title VII of the Civil Rights Act of 1964 or any tort related to or arising out of sexual assault or harassment, including assault and battery, intentional infliction of emotional distress, false imprisonment, or negligent hiring, supervision, or retention. (b) None of the funds appropriated or otherwise made available by this Act may be expended for any Federal contract unless the contractor certifies that it requires each covered subcontractor to agree not to enter into, and not to take any action to enforce any provision of, any agreement as described in paragraphs (1) and (2) of subsection (a), with respect to any employee or independent contractor performing work related to such subcontract. For purposes of this subsection, a ``covered subcontractor'' is an entity that has a subcontract in excess of $1,000,000 on a contract subject to subsection (a). (c) The prohibitions in this section do not apply with respect to a contractor's or subcontractor's agreements with employees or independent contractors that may not be enforced in a court of the United States. (d) The Secretary of Defense may waive the application of subsection (a) or (b) to a particular contractor or subcontractor for the purposes of a particular contract or subcontract if the Secretary or the Deputy Secretary personally determines that the waiver is necessary to avoid harm to national security interests of the United States, and that the term of the contract or subcontract is not longer than necessary to avoid such harm. The determination shall set forth with specificity the grounds for the waiver and for the contract or subcontract term selected, and shall state any alternatives considered in lieu of a waiver and the reasons each such alternative would not avoid harm to national security interests of the United States. The Secretary of Defense shall transmit to Congress, and simultaneously make public, any determination under this subsection not less than 15 business days before the contract or subcontract addressed in the determination may be awarded. [[Page H712]] (including transfer of funds) Sec. 8090. From within the funds appropriated for operation and maintenance for the Defense Health ***Program*** in this Act, up to $115,519,000, shall be available for transfer to the Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund in accordance with the provisions of section 1704 of the National Defense Authorization Act for Fiscal Year 2010, Public Law 111-84: Provided, That for purposes of section 1704(b), the facility operations funded are operations of the integrated Captain James A. Lovell Federal Health Care Center, consisting of the North Chicago Veterans Affairs Medical Center, the Navy Ambulatory Care Center, and supporting facilities designated as a combined Federal medical facility as described by section 706 of Public Law 110-417: Provided further, That additional funds may be transferred from funds appropriated for operation and maintenance for the Defense Health ***Program*** to the Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund upon written notification by the Secretary of Defense to the Committees on Appropriations of the House of Representatives and the Senate. Sec. 8091. None of the funds appropriated or otherwise made available by this Act may be used by the Department of Defense or a component thereof in contravention of the provisions of section 130h of title 10, United States Code. Sec. 8092. Appropriations available to the Department of Defense may be used for the purchase of heavy and light armored vehicles for the physical security of personnel or for force protection purposes up to a limit of $450,000 per vehicle, notwithstanding price or other limitations applicable to the purchase of passenger carrying vehicles. (including transfer of funds) Sec. 8093. Upon a determination by the Director of National Intelligence that such action is necessary and in the national interest, the Director may, with the approval of the Office of Management and Budget, transfer not to exceed $1,500,000,000 of the funds made available in this Act for the National Intelligence ***Program***: Provided, That such authority to transfer may not be used unless for higher priority items, based on unforeseen intelligence requirements, than those for which originally appropriated and in no case where the item for which funds are requested has been denied by the Congress: Provided further, That a request for multiple reprogrammings of funds using authority provided in this section shall be made prior to June 30, 2017. Sec. 8094. None of the funds appropriated or otherwise made available in this or any other Act may be used to transfer, release, or assist in the transfer or release to or within the United States, its territories, or possessions Khalid Sheikh Mohammed or any other detainee who-- (1) is not a United States citizen or a member of the Armed Forces of the United States; and (2) is or was held on or after June 24, 2009, at United States Naval Station, Guantanamo Bay, Cuba, by the Department of Defense. Sec. 8095. (a) None of the funds appropriated or otherwise made available in this or any other Act may be used to construct, acquire, or modify any facility in the United States, its territories, or possessions to house any individual described in subsection (c) for the purposes of detention or imprisonment in the custody or under the effective control of the Department of Defense. (b) The prohibition in subsection (a) shall not apply to any modification of facilities at United States Naval Station, Guantanamo Bay, Cuba. (c) An individual described in this subsection is any individual who, as of June 24, 2009, is located at United States Naval Station, Guantanamo Bay, Cuba, and who-- (1) is not a citizen of the United States or a member of the Armed Forces of the United States; and (2) is-- (A) in the custody or under the effective control of the Department of Defense; or (B) otherwise under detention at United States Naval Station, Guantanamo Bay, Cuba. Sec. 8096. None of the funds appropriated or otherwise made available in this Act may be used to transfer any individual detained at United States Naval Station Guantanamo Bay, Cuba, to the custody or control of the individual's country of origin, any other foreign country, or any other foreign entity except in accordance with section 1034 of the National Defense Authorization Act for Fiscal Year 2016 (Public Law 114-92) and section 1034 of the National Defense Authorization Act for Fiscal Year 2017 (Public Law 114-328). Sec. 8097. None of the funds made available by this Act may be used in contravention of the War Powers Resolution (50 U.S.C 1541 et seq.). Sec. 8098. (a) None of the funds appropriated or otherwise made available by this or any other Act may be used by the Secretary of Defense, or any other official or officer of the Department of Defense, to enter into a contract, memorandum of understanding, or cooperative agreement with, or make a grant to, or provide a loan or loan guarantee to Rosoboronexport or any subsidiary of Rosoboronexport. (b) The Secretary of Defense may waive the limitation in subsection (a) if the Secretary, in consultation with the Secretary of State and the Director of National Intelligence, determines that it is in the vital national security interest of the United States to do so, and certifies in writing to the congressional defense committees that, to the best of the Secretary's knowledge: (1) Rosoboronexport has ceased the transfer of lethal military equipment to, and the maintenance of existing lethal military equipment for, the Government of the Syrian Arab Republic; (2) The armed forces of the Russian Federation have withdrawn from Crimea, other than armed forces present on military bases subject to agreements in force between the Government of the Russian Federation and the Government of Ukraine; and (3) Agents of the Russian Federation have ceased taking active measures to destabilize the control of the Government of Ukraine over eastern Ukraine. (c) The Inspector General of the Department of Defense shall conduct a review of any action involving Rosoboronexport with respect to a waiver issued by the Secretary of Defense pursuant to subsection (b), and not later than 90 days after the date on which such a waiver is issued by the Secretary of Defense, the Inspector General shall submit to the congressional defense committees a report containing the results of the review conducted with respect to such waiver. Sec. 8099. None of the funds made available in this Act may be used for the purchase or manufacture of a flag of the United States unless such flags are treated as covered items under section 2533a(b) of title 10, United States Code. Sec. 8100. (a) Of the funds appropriated in this Act for the Department of Defense, amounts may be made available, under such regulations as the Secretary of Defense may prescribe, to local military commanders appointed by the Secretary, or by an officer or employee designated by the Secretary, to provide at their discretion ex gratia payments in amounts consistent with subsection (d) of this section for damage, personal injury, or death that is incident to combat operations of the Armed Forces in a foreign country. (b) An ex gratia payment under this section may be provided only if-- (1) the prospective foreign civilian recipient is determined by the local military commander to be friendly to the United States; (2) a claim for damages would not be compensable under chapter 163 of title 10, United States Code (commonly known as the ``Foreign Claims Act''); and (3) the property damage, personal injury, or death was not caused by action by an enemy. (c) Nature of Payments.--Any payments provided under a ***program*** under subsection (a) shall not be considered an admission or acknowledgement of any legal obligation to compensate for any damage, personal injury, or death. (d) Amount of Payments.--If the Secretary of Defense determines a ***program*** under subsection (a) to be appropriate in a particular setting, the amounts of payments, if any, to be provided to civilians determined to have suffered harm incident to combat operations of the Armed Forces under the ***program*** should be determined pursuant to regulations prescribed by the Secretary and based on an assessment, which should include such factors as cultural appropriateness and prevailing economic conditions. (e) Legal Advice.--Local military commanders shall receive legal advice before making ex gratia payments under this subsection. The legal advisor, under regulations of the Department of Defense, shall advise on whether an ex gratia payment is proper under this section and applicable Department of Defense regulations. (f) Written Record.--A written record of any ex gratia payment offered or denied shall be kept by the local commander and on a timely basis submitted to the appropriate office in the Department of Defense as determined by the Secretary of Defense. (g) Report.--The Secretary of Defense shall report to the congressional defense committees on an annual basis the efficacy of the ex gratia payment ***program*** including the number of types of cases considered, amounts offered, the response from ex gratia payment recipients, and any recommended modifications to the ***program***. Sec. 8101. None of the funds available in this Act to the Department of Defense, other than appropriations made for necessary or routine refurbishments, upgrades or maintenance activities, shall be used to reduce or to prepare to reduce the number of deployed and non-deployed ***strategic*** delivery vehicles and launchers below the levels set forth in the report submitted to Congress in accordance with section 1042 of the National Defense Authorization Act for Fiscal Year 2012. Sec. 8102. The Secretary of Defense shall post grant awards on a public Website in a searchable format. Sec. 8103. None of the funds made available by this Act may be used to fund the performance of a flight demonstration team at a location outside of the United States: Provided, That this prohibition applies only if a performance of a flight demonstration team at a location within the United States was canceled during the current fiscal year due to insufficient funding. Sec. 8104. None of the funds made available by this Act may be used by the National Security Agency to-- (1) conduct an acquisition pursuant to section 702 of the Foreign Intelligence Surveillance Act of 1978 for the purpose of targeting a United States person; or [[Page H713]] (2) acquire, monitor, or store the contents (as such term is defined in section 2510(8) of title 18, United States Code) of any electronic communication of a United States person from a provider of electronic communication services to the public pursuant to section 501 of the Foreign Intelligence Surveillance Act of 1978. Sec. 8105. None of the funds made available by this Act may be obligated or expended to implement the Arms Trade Treaty until the Senate approves a resolution of ratification for the Treaty. Sec. 8106. None of the funds made available in this or any other Act may be used to pay the salary of any officer or employee of any agency funded by this Act who approves or implements the transfer of administrative responsibilities or budgetary resources of any ***program***, project, or activity financed by this Act to the jurisdiction of another Federal agency not financed by this Act unless explicity provided for in a Defense Appropriations Act: Provided, That this limitation shall not apply to transfers of funds expressly provided for in Defense Appropriations Acts, or provisions of Acts providing supplemental appropriations for the Department of Defense. Sec. 8107. None of the funds made available in this Act may be obligated for activities authorized under section 1208 of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005 (Public Law 112-81; 125 Stat. 1621) to initiate support for, or expand support to, foreign forces, irregular forces, groups, or individuals unless the congressional defense committees are notified in accordance with the direction contained in the classified annex accompanying this Act, not less than 15 days before initiating such support: Provided, That none of the funds made available in this Act may be used under section 1208 for any activity that is not in support of an ongoing military operation being conducted by United States Special Operations Forces to combat terrorism: Provided further, That the Secretary of Defense may waive the prohibitions in this section if the Secretary determines that such waiver is required by extraordinary circumstances and, by not later than 72 hours after making such waiver, notifies the congressional defense committees of such waiver. Sec. 8108. None of the funds made available by this Act may be used with respect to Iraq in contravention of the War Powers Resolution (50 U.S.C 1541 et seq.), including for the introduction of United States armed forces into hostilities in Iraq, into situations in Iraq where imminent involvement in hostilities is clearly indicated by the circumstances, or into Iraqi territory, airspace, or waters while equipped for combat, in contravention of the congressional consultation and reporting requirements of sections 3 and 4 of such Resolution (50 U.S.C 1542 and 1543). Sec. 8109. None of the funds provided in this Act for the T-AO Fleet Oiler or the Towing, Salvage, and Rescue Ship ***programs*** shall be used to award a new contract that provides for the acquisition of the following components unless those components are manufactured in the United States: Auxiliary equipment (including pumps) for shipboard services; propulsion equipment (including engines, reduction gears, and propellers); shipboard cranes; and spreaders for shipboard cranes. Sec. 8110. The amount appropriated in title II of this Act for ``Operation and Maintenance, Army'' is hereby reduced by $75,000,000 to reflect excess cash balances in Department of Defense Working Capital Funds. Sec. 8111. Notwithstanding any other provision of this Act, to reflect savings due to lower than anticipated fuel costs, the total amount appropriated in title II of this Act is hereby reduced by $1,007,267,000. Sec. 8112. None of the funds made available by this Act may be used for Government Travel Charge Card expenses by military or civilian personnel of the Department of Defense for gaming, or for entertainment that includes topless or nude entertainers or participants, as prohibited by Department of Defense FMR, Volume 9, Chapter 3 and Department of Defense Instruction 1015.10 (enclosure 3, 14a and 14b). Sec. 8113. None of the funds made available by this Act may be used to propose, ***plan*** for, or execute a new or additional Base Realignment and Closure (BRAC) round. Sec. 8114. Of the amounts appropriated in this Act for ``Operation and Maintenance, Navy'', $289,255,000, to remain available until expended, may be used for any purposes related to the National Defense Reserve Fleet established under section 11 of the Merchant Ship Sales Act of 1946 (50 U.S.C 4405): Provided, That such amounts are available for reimbursements to the Ready Reserve Force, Maritime Administration account of the United States Department of Transportation for ***programs***, projects, activities, and expenses related to the National Defense Reserve Fleet. Sec. 8115. None of the funds made available by this Act for the Joint Surveillance Target Attack Radar System recapitalization ***program*** may be obligated or expended for pre-milestone B activities after March 31, 2018, except for source selection and other activities necessary to enter the engineering and manufacturing development phase. Sec. 8116. None of the funds made available by this Act may be used to carry out the closure or realignment of the United States Naval Station, Guantanamo Bay, Cuba. (including transfer of funds) Sec. 8117. Additional readiness funds made available in title II of this Act for ``Operation and Maintenance, Army'', ``Operation and Maintenance, Navy'', ``Operation and Maintenance, Marine Corps'', and ``Operation and Maintenance, Air Force'' may be transferred to and merged with any appropriation of the Department of Defense for activities related to the Zika virus in order to provide health support for the full range of military operations and sustain the health of the members of the Armed Forces, civilian employees of the Department of Defense, and their families, to include: research and development, disease surveillance, vaccine development, rapid detection, vector controls and surveillance, training, and outbreak response: Provided, That the authority provided in this section is subject to the same terms and conditions as the authority provided in section 8005 of this Act. Sec. 8118. (a) None of the funds made available in this Act may be used to maintain or establish a computer network unless such network is designed to block access to pornography websites. (b) Nothing in subsection (a) shall limit the use of funds necessary for any Federal, State, tribal, or local law enforcement agency or any other entity carrying out criminal investigations, prosecution, or adjudication activities, or for any activity necessary for the national defense, including intelligence activities. Sec. 8119. Notwithstanding any other provision of law, any transfer of funds appropriated or otherwise made available by this Act to the Global Engagement Center pursuant to section 1287 of the National Defense Authorization Act for Fiscal Year 2017 (Public Law 114-328) shall be made in accordance with section 8005 or 9002 of this Act, as applicable. Sec. 8120. No amounts credited or otherwise made available in this or any other Act to the Department of Defense Acquisition Workforce Development Fund may be transferred to: (1) the Rapid Prototyping Fund established under section 804(d) of the National Defense Authorization Act for Fiscal Year 2016 (10 U.S.C 2302 note); or (2) credited to a military-department specific fund established under section 804(d)(2) of the National Defense Authorization Act for Fiscal Year 2016 (as amended by section 897 of the National Defense Authorization Act for Fiscal Year 2017). (including transfer fund) Sec. 8121. In addition to amounts provided elsewhere in this Act for military personnel pay, including active duty, reserve and National Guard personnel, $206,400,000 is hereby appropriated to the Department of Defense and made available for transfer only to military personnel accounts: Provided, That the transfer authority provided under this heading is in addition to any other transfer authority provided elsewhere in this Act. Sec. 8122. In addition to amounts provided elsewhere in this Act, there is appropriated $235,000,000, for an additional amount for ``Operation and Maintenance, Defense- Wide'', to remain available until expended: Provided, That such funds shall only be available to the Secretary of Defense, acting through the Office of Economic Adjustment of the Department of Defense, or for transfer to the Secretary of Education, notwithstanding any other provision of law, to make grants, conclude cooperative agreements, or supplement other Federal funds to construct, renovate, repair, or expand elementary and secondary public schools on military installations in order to address capacity or facility condition deficiencies at such schools: Provided further, That in making such funds available, the Office of Economic Adjustment or the Secretary of Education shall give priority consideration to those military installations with schools having the most serious capacity or facility condition deficiencies as determined by the Secretary of Defense: Provided further, That as a condition of receiving funds under this section a local educational agency or State shall provide a matching share as described in the notice titled ``Department of Defense ***Program*** for Construction, Renovation, Repair or Expansion of Public Schools Located on Military Installations'' published by the Department of Defense in the Federal Register on September 9, 2011 (76 Fed. Reg. 55883 et seq.): Provided further, That these provisions apply to funds provided under this section, and to funds previously provided by Congress to construct, renovate, repair, or expand elementary and secondary public schools on military installations in order to address capacity or facility condition deficiencies at such schools to the extent such funds remain unobligated on the date of enactment of this section. Sec. 8123. None of the funds made available by this Act may be used to carry out the changes to the Joint Travel Regulations of the Department of Defense described in the memorandum of the Per Diem Travel and Transportation Allowance Committee titled ``UTD/CTD for MAP 118-13/CAP 118- 13 - Flat Rate Per Diem for Long Term TDY'' and dated October 1, 2014. Sec. 8124. In carrying out the ***program*** described in the memorandum on the subject of ``Policy for Assisted Reproductive Services for the Benefit of Seriously or Severely Ill/Injured (Category II or III) Active Duty Service Members'' issued by the Assistant Secretary of Defense for Health Affairs on April 3, 2012, and the guidance issued to implement such memorandum, the Secretary of [[Page H714]] Defense shall apply such policy and guidance, except that-- (1) the limitation on periods regarding embryo cryopreservation and storage set forth in part III(G) and in part IV(H) of such memorandum shall not apply; and (2) the term ``assisted reproductive technology'' shall include embryo cryopreservation and storage without limitation on the duration of such cryopreservation and storage. TITLE IX OVERSEAS CONTINGENCY OPERATIONS/GLOBAL WAR ON TERRORISM MILITARY PERSONNEL Military Personnel, Army For an additional amount for ``Military Personnel, Army'', $2,635,317,000: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Military Personnel, Navy For an additional amount for ``Military Personnel, Navy'', $377,857,000: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Military Personnel, Marine Corps For an additional amount for ``Military Personnel, Marine Corps'', $103,800,000: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Military Personnel, Air Force For an additional amount for ``Military Personnel, Air Force'', $912,779,000: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Reserve Personnel, Army For an additional amount for ``Reserve Personnel, Army'', $24,942,000: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Reserve Personnel, Navy For an additional amount for ``Reserve Personnel, Navy'', $9,091,000: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Reserve Personnel, Marine Corps For an additional amount for ``Reserve Personnel, Marine Corps'', $2,328,000: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Reserve Personnel, Air Force For an additional amount for ``Reserve Personnel, Air Force'', $20,569,000: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. National Guard Personnel, Army For an additional amount for ``National Guard Personnel, Army'', $184,589,000: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. National Guard Personnel, Air Force For an additional amount for ``National Guard Personnel, Air Force'', $5,004,000: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Military Personnel, National Defense Restoration Fund (including transfer of funds) In addition to amounts provided elsewhere in this Act, there is appropriated $1,000,000,000, for the ``Military Personnel, National Defense Restoration Fund'': Provided, That such funds provided under this heading shall only be available for ***programs***, projects and activities necessary to implement the 2018 National Defense Strategy: Provided further, That such funds shall not be available for transfer until 30 days after the Secretary has submitted, and the congressional defense committees have approved, the proposed allocation ***plan*** for the use of such funds to implement such strategy: Provided further, That such allocation ***plan*** shall include a detailed justification for the use of such funds and a description of how such investments are necessary to implement the strategy: Provided further, That the Secretary of Defense may transfer these funds only to military personnel accounts: Provided further, That the funds transferred shall be merged with and shall be available for the same purposes and for the same time period, as the appropriation to which transferred: Provided further, That none of the funds made available under this heading may be transferred to any ***program***, project, or activity specifically limited or denied by this Act: Provided further, That the transfer authority provided under this heading is in addition to any other transfer authority available to the Department of Defense: Provided further, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. OPERATION AND MAINTENANCE Operation and Maintenance, Army For an additional amount for ``Operation and Maintenance, Army'', $16,126,403,000: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Operation and Maintenance, Navy For an additional amount for ``Operation and Maintenance, Navy'', $5,875,015,000, of which up to $161,885,000 may be transferred to the Coast Guard ``Operating Expenses'' account: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Operation and Maintenance, Marine Corps For an additional amount for ``Operation and Maintenance, Marine Corps'', $1,116,640,000: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Operation and Maintenance, Air Force For an additional amount for ``Operation and Maintenance, Air Force'', $10,266,295,000: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Operation and Maintenance, Defense-Wide For an additional amount for ``Operation and Maintenance, Defense-Wide'', $6,944,201,000: Provided, That of the funds provided under this heading, not to exceed $900,000,000, to remain available until September 30, 2019, shall be for payments to reimburse key cooperating nations for logistical, military, and other support, including access, provided to United States military and stability operations in Afghanistan and to counter the Islamic State of Iraq and the Levant: Provided further, That such reimbursement payments may be made in such amounts as the Secretary of Defense, with the concurrence of the Secretary of State, and in consultation with the Director of the Office of Management and Budget, may determine, based on documentation determined by the Secretary of Defense to adequately account for the support provided, and such determination is final and conclusive upon the accounting officers of the United States, and 15 days following notification to the appropriate congressional committees: Provided further, That funds provided under this heading may be used for the purpose of providing specialized training and procuring supplies and specialized equipment and providing such supplies and loaning such equipment on a non-reimbursable basis to coalition forces supporting United States military and stability operations in Afghanistan and to counter the Islamic State of Iraq and the Levant, and 15 days following notification to the appropriate congressional committees: Provided further, That funds provided under this heading may be used to support the Government of Jordan, in such amounts as the Secretary of Defense may determine, to enhance the ability of the armed forces of Jordan to increase or sustain security along its borders, upon 15 days prior written notification to the congressional defense committees outlining the amounts intended to be provided and the nature of the expenses incurred: Provided further, That of the funds provided under this heading, not to exceed $750,000,000, to remain available until September 30, 2019, shall be available to provide support and assistance to foreign security forces or other groups or individuals to conduct, support, or facilitate counterterrorism, crisis response, or other Department of Defense security cooperation ***programs***: Provided further, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Operation and Maintenance, Army Reserve For an additional amount for ``Operation and Maintenance, Army Reserve'', $24,699,000: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Operation and Maintenance, Navy Reserve For an additional amount for ``Operation and Maintenance, Navy Reserve'', $23,980,000: Provided, That such amount is designated by [[Page H715]] the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Operation and Maintenance, Marine Corps Reserve For an additional amount for ``Operation and Maintenance, Marine Corps Reserve'', $3,367,000: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Operation and Maintenance, Air Force Reserve For an additional amount for ``Operation and Maintenance, Air Force Reserve'', $58,523,000: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Operation and Maintenance, Army National Guard For an additional amount for ``Operation and Maintenance, Army National Guard'', $108,111,000: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Operation and Maintenance, Air National Guard For an additional amount for ``Operation and Maintenance, Air National Guard'', $15,400,000: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Operation and Maintenance, National Defense Restoration Fund (including transfer of funds) In addition to amounts provided elsewhere in this Act, there is appropriated $2,000,000,000, for the ``Operation and Maintenance, National Defense Restoration Fund'': Provided, That such funds provided under this heading shall only be available for ***programs***, projects and activities necessary to implement the 2018 National Defense Strategy: Provided further, That such funds shall not be available for transfer until 30 days after the Secretary has submitted, and the congressional defense committees have approved, the proposed allocation ***plan*** for the use of such funds to implement such strategy: Provided further, That such allocation ***plan*** shall include a detailed justification for the use of such funds and a description of how such investments are necessary to implement the strategy: Provided further, That the Secretary of Defense may transfer these funds only to operation and maintenance accounts: Provided further, That the funds transferred shall be merged with and shall be available for the same purposes and for the same time period, as the appropriation to which transferred: Provided further, That none of the funds made available under this heading may be transferred to any ***program***, project, or activity specifically limited or denied by this Act: Provided further, That the transfer authority provided under this heading is in addition to any other transfer authority available to the Department of Defense: Provided further, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Afghanistan Security Forces Fund For the ``Afghanistan Security Forces Fund'', $4,937,515,000 (reduced by $12,000,000), to remain available until September 30, 2019: Provided, That such funds shall be available to the Secretary of Defense, notwithstanding any other provision of law, for the purpose of allowing the Commander, Combined Security Transition Command--Afghanistan, or the Secretary's designee, to provide assistance, with the concurrence of the Secretary of State, to the security forces of Afghanistan, including the provision of equipment, supplies, services, training, facility and infrastructure repair, renovation, construction, and funding: Provided further, That the Secretary of Defense may obligate and expend funds made available to the Department of Defense in this title for additional costs associated with existing projects previously funded with amounts provided under the heading ``Afghanistan Infrastructure Fund'' in prior Acts: Provided further, That such costs shall be limited to contract changes resulting from inflation, market fluctuation, rate adjustments, and other necessary contract actions to complete existing projects, and associated supervision and administration costs and costs for design during construction: Provided further, That the Secretary may not use more than $50,000,000 under the authority provided in this section: Provided further, That the Secretary shall notify in advance such contract changes and adjustments in annual reports to the congressional defense committees: Provided further, That the authority to provide assistance under this heading is in addition to any other authority to provide assistance to foreign nations: Provided further, That contributions of funds for the purposes provided herein from any person, foreign government, or international organization may be credited to this Fund, to remain available until expended, and used for such purposes: Provided further, That the Secretary of Defense shall notify the congressional defense committees in writing upon the receipt and upon the obligation of any contribution, delineating the sources and amounts of the funds received and the specific use of such contributions: Provided further, That the Secretary of Defense shall, not fewer than 15 days prior to obligating from this appropriation account, notify the congressional defense committees in writing of the details of any such obligation: Provided further, That the Secretary of Defense shall notify the congressional defense committees of any proposed new projects or transfer of funds between budget sub-activity groups in excess of $20,000,000: Provided further, That the United States may accept equipment procured using funds provided under this heading in this or prior Acts that was transferred to the security forces of Afghanistan and returned by such forces to the United States: Provided further, That equipment procured using funds provided under this heading in this or prior Acts, and not yet transferred to the security forces of Afghanistan or transferred to the security forces of Afghanistan and returned by such forces to the United States, may be treated as stocks of the Department of Defense upon written notification to the congressional defense committees: Provided further, That of the funds provided under this heading, not less than $10,000,000 shall be for recruitment and retention of women in the Afghanistan National Security Forces, and the recruitment and training of female security personnel: Provided further, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Counter-ISIL Train and Equip Fund For the ``Counter-Islamic State of Iraq and the Levant Train and Equip Fund'', $1,769,000,000, to remain available until September 30, 2019: Provided, That such funds shall be available to the Secretary of Defense in coordination with the Secretary of State, to provide assistance, including training; equipment; logistics support, supplies, and services; stipends; infrastructure repair and renovation; and sustainment, to foreign security forces, irregular forces, groups, or individuals participating, or preparing to participate in activities to counter the Islamic State of Iraq and the Levant, and their affiliated or associated groups: Provided further, That these funds may be used in such amounts as the Secretary of Defense may determine to enhance the border security of nations adjacent to conflict areas including Jordan, Lebanon, Egypt, and Tunisia resulting from actions of the Islamic State of Iraq and the Levant: Provided further, That amounts made available under this heading shall be available to provide assistance only for activities in a country designated by the Secretary of Defense, in coordination with the Secretary of State, as having a security mission to counter the Islamic State of Iraq and the Levant, and following written notification to the congressional defense committees of such designation: Provided further, That the Secretary of Defense shall ensure that prior to providing assistance to elements of any forces or individuals, such elements or individuals are appropriately vetted, including at a minimum, assessing such elements for associations with terrorist groups or groups associated with the Government of Iran; and receiving commitments from such elements to promote respect for human rights and the rule of law: Provided further, That the Secretary of Defense shall, not fewer than 15 days prior to obligating from this appropriation account, notify the congressional defense committees in writing of the details of any such obligation: Provided further, That the Secretary of Defense may accept and retain contributions, including assistance in-kind, from foreign governments, including the Government of Iraq and other entities, to carry out assistance authorized under this heading: Provided further, That contributions of funds for the purposes provided herein from any foreign government or other entity may be credited to this Fund, to remain available until expended, and used for such purposes: Provided further, That the Secretary of Defense may waive a provision of law relating to the acquisition of items and support services or sections 40 and 40A of the Arms Export Control Act (22 U.S.C 2780 and 2785) if the Secretary determines that such provision of law would prohibit, restrict, delay or otherwise limit the provision of such assistance and a notice of and justification for such waiver is submitted to the congressional defense committees, the Committees on Appropriations and Foreign Relations of the Senate and the Committees on Appropriations and Foreign Affairs of the House of Representatives: Provided further, That the United States may accept equipment procured using funds provided under this heading, or under the heading, ``Iraq Train and Equip Fund'' in prior Acts, that was transferred to security forces, irregular forces, or groups participating, or preparing to participate in activities to counter the Islamic State of Iraq and the Levant and returned by such forces or groups to the United States, may be treated as stocks of the Department of Defense upon written notification to the congressional defense committees: Provided further, That [[Page H716]] equipment procured using funds provided under this heading, or under the heading, ``Iraq Train and Equip Fund'' in prior Acts, and not yet transferred to security forces, irregular forces, or groups participating, or preparing to participate in activities to counter the Islamic State of Iraq and the Levant may be treated as stocks of the Department of Defense when determined by the Secretary to no longer be required for transfer to such forces or groups and upon written notification to the congressional defense committees: Provided further, That the Secretary of Defense shall provide quarterly reports to the congressional defense committees on the use of funds provided under this heading, including, but not limited to, the number of individuals trained, the nature and scope of support and sustainment provided to each group or individual, the area of operations for each group, and the contributions of other countries, groups, or individuals: Provided further, That such amount is designated by the Congress for Overseas Contingency Operations/ Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. PROCUREMENT Aircraft Procurement, Army For an additional amount for ``Aircraft Procurement, Army'', $424,686,000, to remain available until September 30, 2020: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Missile Procurement, Army For an additional amount for ``Missile Procurement, Army'', $557,583,000, to remain available until September 30, 2020: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Procurement of Weapons and Tracked Combat Vehicles, Army For an additional amount for ``Procurement of Weapons and Tracked Combat Vehicles, Army'', $1,191,139,000, to remain available until September 30, 2020: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Procurement of Ammunition, Army For an additional amount for ``Procurement of Ammunition, Army'', $193,436,000, to remain available until September 30, 2020: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Other Procurement, Army For an additional amount for ``Other Procurement, Army'', $405,575,000, to remain available until September 30, 2020: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Aircraft Procurement, Navy For an additional amount for ``Aircraft Procurement, Navy'', $157,300,000, to remain available until September 30, 2020: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Weapons Procurement, Navy For an additional amount for ``Weapons Procurement, Navy'', $130,994,000, to remain available until September 30, 2020: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Procurement of Ammunition, Navy and Marine Corps For an additional amount for ``Procurement of Ammunition, Navy and Marine Corps'', $223,843,000, to remain available until September 30, 2020: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Other Procurement, Navy For an additional amount for ``Other Procurement, Navy'', $207,984,000, to remain available until September 30, 2020: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Procurement, Marine Corps For an additional amount for ``Procurement, Marine Corps'', $64,071,000, to remain available until September 30, 2020: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Aircraft Procurement, Air Force For an additional amount for ``Aircraft Procurement, Air Force'', $510,836,000, to remain available until September 30, 2020: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Missile Procurement, Air Force For an additional amount for ``Missile Procurement, Air Force'', $381,700,000, to remain available until September 30, 2020: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Space Procurement, Air Force For an additional amount for ``Space Procurement, Air Force'', $2,256,000, to remain available until September 30, 2020: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Procurement of Ammunition, Air Force For an additional amount for ``Procurement of Ammunition, Air Force'', $501,509,000, to remain available until September 30, 2020: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Other Procurement, Air Force For an additional amount for ``Other Procurement, Air Force'', $3,998,887,000, to remain available until September 30, 2020: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Procurement, Defense-Wide For an additional amount for ``Procurement, Defense-Wide'', $510,741,000, to remain available until September 30, 2020: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. National Guard and Reserve Equipment Account For procurement of rotary-wing aircraft; combat, tactical and support vehicles; other weapons; and other procurement items for the reserve components of the Armed Forces, $1,000,000,000, to remain available for obligation until September 30, 2020: Provided, That the Chiefs of National Guard and Reserve components shall, not later than 30 days after enactment of this Act, individually submit to the congressional defense committees the modernization priority assessment for their respective National Guard or Reserve component: Provided further, That none of the funds made available by this paragraph may be used to procure manned fixed wing aircraft, or procure or modify missiles, munitions, or ammunition: Provided further, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Procurement, National Defense Restoration Fund (including transfer of funds) In addition to amounts provided elsewhere in this Act, there is appropriated $6,000,000,000, for the ``Procurement, National Defense Restoration Fund'': Provided, That such funds provided under this heading shall only be available for ***programs***, projects and activities necessary to implement the 2018 National Defense Strategy: Provided further, That such funds shall not be available for transfer until 30 days after the Secretary has submitted, and the congressional defense committees have approved, the proposed allocation ***plan*** for the use of such funds to implement such strategy: Provided further, That such allocation ***plan*** shall include a detailed justification for the use of such funds and a description of how such investments are necessary to implement the strategy: Provided further, That the Secretary of Defense may transfer these funds only to procurement accounts: Provided further, That the funds transferred shall be merged with and shall be available for the same purposes and for the same time period, as the appropriation to which transferred: Provided further, That none of the funds made available under this heading may be transferred to any ***program***, project, or activity specifically limited or denied by this Act: Provided further, That the transfer authority provided under this heading is in addition to any other transfer authority available to the Department of Defense: Provided further, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. RESEARCH, DEVELOPMENT, TEST AND EVALUATION Research, Development, Test and Evaluation, Army For an additional amount for ``Research, Development, Test and Evaluation, Army'', [[Page H717]] $119,368,000 (increased by $6,000,000), to remain available until September 30, 2019: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Research, Development, Test and Evaluation, Navy For an additional amount for ``Research, Development, Test and Evaluation, Navy'', $124,865,000, to remain available until September 30, 2019: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Research, Development, Test and Evaluation, Air Force For an additional amount for ``Research, Development, Test and Evaluation, Air Force'', $144,508,000, to remain available until September 30, 2019: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Research, Development, Test and Evaluation, Defense-Wide For an additional amount for ``Research, Development, Test and Evaluation, Defense-Wide'', $226,096,000, to remain available until September 30, 2019: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Research, Development, Test and Evaluation, National Defense Restoration Fund (including transfer of funds) In addition to amounts provided elsewhere in this Act, there is appropriated $1,000,000,000, for the ``Research, Development, Test and Evaluation, National Defense Restoration Fund'': Provided, That such funds provided under this heading shall only be available for ***programs***, projects and activities necessary to implement the 2018 National Defense Strategy: Provided further, That such funds shall not be available for transfer until 30 days after the Secretary has submitted, and the congressional defense committees have approved, the proposed allocation ***plan*** for the use of such funds to implement such strategy: Provided further, That such allocation ***plan*** shall include a detailed justification for the use of such funds and a description of how such investments are necessary to implement the strategy: Provided further, That the Secretary of Defense may transfer these funds only to research, development, test and evaluation accounts: Provided further, That the funds transferred shall be merged with and shall be available for the same purposes and for the same time period, as the appropriation to which transferred: Provided further, That none of the funds made available under this heading may be transferred to any ***program***, project, or activity specifically limited or denied by this Act: Provided further, That the transfer authority provided under this heading is in addition to any other transfer authority available to the Department of Defense: Provided further, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. REVOLVING AND MANAGEMENT FUNDS Defense Working Capital Funds For an additional amount for ``Defense Working Capital Funds'', $148,956,000: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. OTHER DEPARTMENT OF DEFENSE ***PROGRAMS*** Defense Health ***Program*** For an additional amount for ``Defense Health ***Program***'', $395,805,000, which shall be for operation and maintenance: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Drug Interdiction and Counter-Drug Activities, Defense For an additional amount for ``Drug Interdiction and Counter-Drug Activities, Defense'', $196,300,000: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Joint Improvised-Threat Defeat Fund (including transfer of funds) For the ``Joint Improvised-Threat Defeat Fund'', $483,058,000, to remain available until September 30, 2020: Provided, That such funds shall be available to the Secretary of Defense, notwithstanding any other provision of law, for the purpose of allowing the Director of the Joint Improvised- Threat Defeat Organization to investigate, develop and provide equipment, supplies, services, training, facilities, personnel and funds to assist United States forces in the defeat of improvised explosive devices: Provided further, That the Secretary of Defense may transfer funds provided herein to appropriations for military personnel; operation and maintenance; procurement; research, development, test and evaluation; and defense working capital funds to accomplish the purpose provided herein: Provided further, That this transfer authority is in addition to any other transfer authority available to the Department of Defense: Provided further, That the Secretary of Defense shall, not fewer than 5 days prior to making transfers from this appropriation, notify the congressional defense committees in writing of the details of any such transfer: Provided further, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Office of the Inspector General For an additional amount for the ``Office of the Inspector General'', $24,692,000: Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. GENERAL PROVISIONS--THIS TITLE Sec. 9001. Notwithstanding any other provision of law, funds made available in this title are in addition to amounts appropriated or otherwise made available for the Department of Defense for fiscal year 2018. (including transfer of funds) Sec. 9002. Upon the determination of the Secretary of Defense that such action is necessary in the national interest, the Secretary may, with the approval of the Office of Management and Budget, transfer up to $2,500,000,000 between the appropriations or funds made available to the Department of Defense in this title: Provided, That the Secretary shall notify the Congress promptly of each transfer made pursuant to the authority in this section: Provided further, That the authority provided in this section is in addition to any other transfer authority available to the Department of Defense and is subject to the same terms and conditions as the authority provided in section 8005 of this Act. Sec. 9003. Supervision and administration costs and costs for design during construction associated with a construction project funded with appropriations available for operation and maintenance or the ``Afghanistan Security Forces Fund'' provided in this Act and executed in direct support of overseas contingency operations in Afghanistan, may be obligated at the time a construction contract is awarded: Provided, That, for the purpose of this section, supervision and administration costs and costs for design during construction include all in-house Government costs. Sec. 9004. From funds made available in this title, the Secretary of Defense may purchase for use by military and civilian employees of the Department of Defense in the United States Central Command area of responsibility: (1) passenger motor vehicles up to a limit of $75,000 per vehicle; and (2) heavy and light armored vehicles for the physical security of personnel or for force protection purposes up to a limit of $450,000 per vehicle, notwithstanding price or other limitations applicable to the purchase of passenger carrying vehicles. Sec. 9005. Not to exceed $5,000,000 of the amounts appropriated by this title under the heading ``Operation and Maintenance, Army'' may be used, notwithstanding any other provision of law, to fund the Commanders' Emergency Response ***Program*** (CERP), for the purpose of enabling military commanders in Afghanistan to respond to urgent, small-scale, humanitarian relief and reconstruction requirements within their areas of responsibility: Provided, That each project (including any ancillary or related elements in connection with such project) executed under this authority shall not exceed $2,000,000: Provided further, That not later than 45 days after the end of each 6 months of the fiscal year, the Secretary of Defense shall submit to the congressional defense committees a report regarding the source of funds and the allocation and use of funds during that 6-month period that were made available pursuant to the authority provided in this section or under any other provision of law for the purposes described herein: Provided further, That, not later than 30 days after the end of each fiscal year quarter, the Army shall submit to the congressional defense committees quarterly commitment, obligation, and expenditure data for the CERP in Afghanistan: Provided further, That, not less than 15 days before making funds available pursuant to the authority provided in this section or under any other provision of law for the purposes described herein for a project with a total anticipated cost for completion of $500,000 or more, the Secretary shall submit to the congressional defense committees a written notice containing each of the following: (1) The location, nature and purpose of the proposed project, including how the project is intended to advance the military campaign ***plan*** for the country in which it is to be carried out. (2) The budget, implementation timeline with milestones, and completion date for the proposed project, including any other CERP [[Page H718]] funding that has been or is anticipated to be contributed to the completion of the project. (3) A ***plan*** for the sustainment of the proposed project, including the agreement with either the host nation, a non- Department of Defense agency of the United States Government or a third-party contributor to finance the sustainment of the activities and maintenance of any equipment or facilities to be provided through the proposed project. Sec. 9006. Funds available to the Department of Defense for operation and maintenance may be used, notwithstanding any other provision of law, to provide supplies, services, transportation, including airlift and sealift, and other logistical support to allied forces participating in a combined operation with the armed forces of the United States and coalition forces supporting military and stability operations in Afghanistan and to counter the Islamic State of Iraq and the Levant: Provided, That the Secretary of Defense shall provide quarterly reports to the congressional defense committees regarding support provided under this section. Sec. 9007. None of the funds appropriated or otherwise made available by this or any other Act shall be obligated or expended by the United States Government for a purpose as follows: (1) To establish any military installation or base for the purpose of providing for the permanent stationing of United States Armed Forces in Iraq. (2) To exercise United States control over any oil resource of Iraq. (3) To establish any military installation or base for the purpose of providing for the permanent stationing of United States Armed Forces in Afghanistan. Sec. 9008. None of the funds made available in this Act may be used in contravention of the following laws enacted or regulations promulgated to implement the United Nations Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (done at New York on December 10, 1984): (1) Section 2340A of title 18, United States Code. (2) Section 2242 of the Foreign Affairs Reform and Restructuring Act of 1998 (division G of Public Law 105-277; 112 Stat. 2681-822; 8 U.S.C 1231 note) and regulations prescribed thereto, including regulations under part 208 of title 8, Code of Federal Regulations, and part 95 of title 22, Code of Federal Regulations. (3) Sections 1002 and 1003 of the Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006 (Public Law 109-148). Sec. 9009. None of the funds provided for the ``Afghanistan Security Forces Fund'' (ASFF) may be obligated prior to the approval of a financial and activity ***plan*** by the Afghanistan Resources Oversight Council (AROC) of the Department of Defense: Provided, That the AROC must approve the requirement and acquisition ***plan*** for any service requirements in excess of $50,000,000 annually and any non- standard equipment requirements in excess of $100,000,000 using ASFF: Provided further, That the Department of Defense must certify to the congressional defense committees that the AROC has convened and approved a process for ensuring compliance with the requirements in the preceding proviso and accompanying report language for the ASFF. Sec. 9010. Funds made available in this title to the Department of Defense for operation and maintenance may be used to purchase items having an investment unit cost of not more than $250,000: Provided, That, upon determination by the Secretary of Defense that such action is necessary to meet the operational requirements of a Commander of a Combatant Command engaged in contingency operations overseas, such funds may be used to purchase items having an investment item unit cost of not more than $500,000. Sec. 9011. Up to $500,000,000 of funds appropriated by this Act for the Defense Security Cooperation Agency in ``Operation and Maintenance, Defense-Wide'' may be used to provide assistance to the Government of Jordan to support the armed forces of Jordan and to enhance security along its borders. Sec. 9012. None of the funds made available by this Act under the heading ``Counter-ISIL Train and Equip Fund'' may be used to procure or transfer man-portable air defense systems. Sec. 9013. For the ``Ukraine Security Assistance Initiative'', $150,000,000 is hereby appropriated, to remain available until September 30, 2018: Provided, That such funds shall be available to the Secretary of Defense, in coordination with the Secretary of State, to provide assistance, including training; equipment; lethal weapons of a defensive nature; logistics support, supplies and services; sustainment; and intelligence support to the military and national security forces of Ukraine, and for replacement of any weapons or defensive articles provided to the Government of Ukraine from the inventory of the United States: Provided further, That the Secretary of Defense shall, not less than 15 days prior to obligating funds provided under this heading, notify the congressional defense committees in writing of the details of any such obligation: Provided further, That the United States may accept equipment procured using funds provided under this heading in this or prior Acts that was transferred to the security forces of Ukraine and returned by such forces to the United States: Provided further, That equipment procured using funds provided under this heading in this or prior Acts, and not yet transferred to the military or National Security Forces of Ukraine or returned by such forces to the United States, may be treated as stocks of the Department of Defense upon written notification to the congressional defense committees: Provided further, That amounts made available by this section are designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. Sec. 9014. Funds appropriated in this title shall be available for replacement of funds for items provided to the Government of Ukraine from the inventory of the United States to the extent specifically provided for in section 9013 of this Act. Sec. 9015. None of the funds made available by this Act under section 9013 for ``Assistance and Sustainment to the Military and National Security Forces of Ukraine'' may be used to procure or transfer man-portable air defense systems. Sec. 9016. (a) None of the funds appropriated or otherwise made available by this Act under the heading ``Operation and Maintenance, Defense-Wide'' for payments under section 1233 of Public Law 110-181 for reimbursement to the Government of Pakistan may be made available unless the Secretary of Defense, in coordination with the Secretary of State, certifies to the congressional defense committees that the Government of Pakistan is-- (1) cooperating with the United States in counterterrorism efforts against the Haqqani Network, the Quetta Shura Taliban, Lashkar e-Tayyiba, Jaish-e-Mohammed, Al Qaeda, and other domestic and foreign terrorist organizations, including taking steps to end support for such groups and prevent them from basing and operating in Pakistan and carrying out cross border attacks into neighboring countries; (2) not supporting terrorist activities against United States or coalition forces in Afghanistan, and Pakistan's military and intelligence agencies are not intervening extra- judicially into political and judicial processes in Pakistan; (3) dismantling improvised explosive device (IED) networks and interdicting precursor chemicals used in the manufacture of IEDs; (4) preventing the proliferation of nuclear-related material and expertise; (5) implementing policies to protect judicial independence and due process of law; (6) issuing visas in a timely manner for United States visitors engaged in counterterrorism efforts and assistance ***programs*** in Pakistan; and (7) providing humanitarian organizations access to detainees, internally displaced persons, and other Pakistani civilians affected by the conflict. (b) The Secretary of Defense, in coordination with the Secretary of State, may waive the restriction in subsection (a) on a case-by-case basis by certifying in writing to the congressional defense committees that it is in the national security interest to do so: Provided, That if the Secretary of Defense, in coordination with the Secretary of State, exercises such waiver authority, the Secretaries shall report to the congressional defense committees on both the justification for the waiver and on the requirements of this section that the Government of Pakistan was not able to meet: Provided further, That such report may be submitted in classified form if necessary. (including transfer of funds) Sec. 9017. In addition to amounts otherwise made available in this Act, $500,000,000 is hereby appropriated to the Department of Defense and made available for transfer only to the operation and maintenance, military personnel, and procurement accounts, to improve the intelligence, surveillance, and reconnaissance capabilities of the Department of Defense: Provided, That the transfer authority provided in this section is in addition to any other transfer authority provided elsewhere in this Act: Provided further, That not later than 30 days prior to exercising the transfer authority provided in this section, the Secretary of Defense shall submit a report to the congressional defense committees on the proposed uses of these funds: Provided further, That the funds provided in this section may not be transferred to any ***program***, project, or activity specifically limited or denied by this Act: Provided further, That amounts made available by this section are designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985: Provided further, That the authority to provide funding under this section shall terminate on September 30, 2018. Sec. 9018. None of the funds made available by this Act may be used with respect to Syria in contravention of the War Powers Resolution (50 U.S.C 1541 et seq.), including for the introduction of United States armed or military forces into hostilities in Syria, into situations in Syria where imminent involvement in hostilities is clearly indicated by the circumstances, or into Syrian territory, airspace, or waters while equipped for combat, in contravention of the congressional consultation and reporting requirements of sections 3 and 4 of that law (50 U.S.C 1542 and 1543). (rescissions) Sec. 9019. Of the funds appropriated in Department of Defense Appropriations Acts, [[Page H719]] the following funds are hereby rescinded from the following accounts and ***programs*** in the specified amounts: Provided, That such amounts are designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985: ``Other Procurement, Air Force'', 2017/2019, $25,100,000; ``Afghanistan Security Forces Fund'', 2017/2018, $100,000,000; and ``Counter-ISIL Train and Equip Fund'', 2017/2018, $112,513,000. ``Operation and Maintenance, Defense-Wide, DSCA Coalition Support Fund'', 2017/2018, $350,000,000. Sec. 9020. Each amount designated in this Act by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985 shall be available only if the President subsequently so designates all such amounts and transmits such designations to the Congress. Sec. 9021. (a) Not later than 30 days after the date of the enactment of this Act, the President shall submit to Congress a report on the United States strategy to defeat Al-Qaeda, the Taliban, the Islamic State of Iraq and Syria (ISIS), and their associated forces and co-belligerents. (b) The report required under subsection (a) shall include the following: (1) An analysis of the adequacy of the existing legal framework to accomplish the strategy described in subsection (a), particularly with respect to the Authorization for Use of Military Force (Public Law 107-40; 50 U.S.C 1541 note) and the Authorization for Use of Military Force Against Iraq Resolution of 2002 (Public Law 107-243; 50 U.S.C 1541 note). (2) An analysis of the budgetary resources necessary to accomplish the strategy described in subsection (a). (c) Not later than 30 days after the date on which the President submits to the appropriate congressional committees the report required by subsection (a), the Secretary of State and the Secretary of Defense shall testify at any hearing held by any of the appropriate congressional committees on the report and to which the Secretary is invited. (d) In this section, the term ``appropriate congressional committees'' means-- (1) the Committee on Foreign Relations and the Committee on Armed Services of the Senate; and (2) the Committee on Foreign Affairs and the Committee on Armed Services of the House of Representatives. Sec. 9022. (a) In addition to amounts provided elsewhere in this Act, there is hereby appropriated $1,184,112,000, for the following accounts and ***programs*** in the specified amounts for costs associated with Operation Freedom's Sentinel: (1) ``Military Personnel, Army'', $48,377,000; (2) ``Military Personnel, Marine Corps'', $179,000; (3) ``Military Personnel, Air Force'', $1,340,000; (4) ``Operation and Maintenance, Army'', $872,491,000; (5) ``Operation and Maintenance, Navy'', $76,274,000; (6) ``Operation and Maintenance, Marine Corps'', $24,734,000; (7) ``Operation and Maintenance, Defense-Wide'', $81,164,000; (8) ``Procurement of Ammunition, Navy and Marine Corps'', $10,853,000, to remain available until September 30, 2020; (9) ``Other Procurement, Navy'', $31,500,000, to remain available until September 30, 2020; and (10) ``Research, Development, Test and Evaluation, Navy'', $37,200,000, to remain available until September 30, 2019. (b) Amounts provided pursuant to this section are hereby designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985. TITLE X--ADDITIONAL GENERAL PROVISIONS references to report Sec. 10001. Any reference to a ``report accompanying this Act'' contained in this Act shall be treated as a reference to House Report 115-219. Such report shall apply for purposes of determining the allocation of funds provided by, and the implementation of, this Act. spending reduction account Sec. 10002. $0. Sec. 10003. None of the funds appropriated or otherwise made available under the heading ``Afghanistan Security Forces Fund'' may be used to procure uniforms for the Afghan National Army. Sec. 10004. None of the funds made available in this Act may be used for the closure of a biosafety level 4 laboratory. Sec. 10005. None of the funds made available by this Act may be used to provide arms, training, or other assistance to the Azov Battalion. Sec. 10006. None of the finds made available by this Act may be used to purchase heavy water from Iran. Sec. 10007. None of the funds appropriated by this Act may be used to ***plan*** for, begin, continue, complete, process, or approve a public-private competition under the Office of Management and Budget Circular A-76. Sec. 10008. Notwithstanding any other provision of law, with respect to the revised security category (as that term is defined in section 250(c)(4)(D) of the Balanced Budget and Emergency Deficit Control Act of 1985), any sequestration order issued under such Act for fiscal year 2018 shall have no force or effect. This Act may be cited as the ``Department of Defense Appropriations Act, 2018''. The SPEAKER pro tempore. Pursuant to House Resolution 714, the motion shall be debatable for 1 hour equally divided and controlled by the chair and ranking minority member of the Committee on Appropriations. The gentlewoman from Texas (Ms. Granger) and the gentleman from Indiana (Mr. Visclosky) each will control 30 minutes. The Chair recognizes the gentlewoman from Texas. Ms. GRANGER. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, once again, I stand before you today to ask for your support to pass the fiscal year 2018 Defense Appropriations bill. It is past time that this essential, must-pass funding bill for our military be enacted into law. Congress must act responsibly and do its job to quickly get these dollars out the door and where they are needed as soon as possible. The legislation before you provides $659 billion for defense, more than $60 billion above last year's levels. When combined with the almost $5 billion already enacted into law in December, this bill matches the top-line funding level in the final National Defense Authorization Act enacted into law. All Federal dollars are not the same. We need to provide and prioritize national security after years of neglect and an increasingly dangerous international situation. Nor can we continue to hold our troops hostage as leverage for unrelated issues. We are almost 4 months into fiscal year 2018, and our troops still don't have their funding. It is time that the Congress fulfill its responsibility to fund our troops at the levels needed. It is time to lift the budget caps and enact a full-year Defense Appropriations Act so that our military can begin to rebuild. This bill does that by lifting the budget caps on defense and fully funding the Department at the top line already approved by the Congress in the National Defense Authorization Act. It takes care of our troops by providing additional manpower and fully funding a 2.4 percent pay raise, and it provides additional funding for key readiness ***programs*** and robustly funds maintenance of equipment and facilities. The bill includes specific investments in several areas, such as air superiority, $4.3 billion above request; shipbuilding, $1.6 billion above request; research and development, $10 billion above 2017; defense health, an additional $644 million for medical research; and grants forces fully equipped. The bill also provides additional resources in a National Defense Restoration Fund in the amount of $28.6 billion to allow Secretary Mattis to begin investing in the new defense strategy now instead of waiting a full year. {time} 1400 This bill gives our military leaders the sufficient, sustainable, and stable funding they have told us, over and over again, that they need. The House has done its job more than once to fund our troops at the levels they need only to have the Senate fail to act. Congress must step up and fulfill its most fundamental constitutional responsibility, which is to ensure that our troops have what they need to defend our Nation. Mr. Speaker, I reserve the balance of my time. Mr. VISCLOSKY. Mr. Speaker, I yield myself such time as I may consume. (Mr. VISCLOSKY asked and was given permission to revise and extend his remarks.) Mr. VISCLOSKY. Mr. Speaker, I first want to start by associating myself with the remarks of my chairwoman and suggest to this body that it is time for Congress to begin to govern and run the day-to-day operation of the Government of the United States in a timely fashion. Mr. Speaker, this is the third iteration of the fiscal year 2018 Defense Appropriations Act that has been brought to the floor. I, for one, have [[Page H720]] nothing more to say about the merits of this legislation that would not be redundant. However, I do want to reiterate my profound respect for the exceptional work that has been put into this legislation, time and time again, by Chairwoman Granger, all of the members of our subcommittee, and our superlative staff. Today, January 30, 2018, Congress is 122 days late. We are 122 days past the start of the current fiscal year and 122 days past the time that the legislation we are considering today for the third time should have been completed, conferenced, and signed into law. Mr. Speaker, we have a number problem. As an appropriator, I ask for a number to craft a bill that, by law, does not violate the Budget Control Act. We need a number so that Chairwoman Granger, our subcommittee members, and I can make decisions on how best to move forward so our military leaders are not hindered and forced to comply with the constraints of continuing resolutions. As an appropriator, all I want is a number. Give us a number, and we will finish our work for this fiscal year and give the certainty that has been repeatedly asked for by the Department of Defense and our 17 intelligence agencies. Unfortunately, operating under the fourth continuing resolution and passing essentially the same Defense Appropriations measure for a third time does nothing--nothing--to solve the number problem, nor does it remedy the slight inconvenience that this bill exceeds the Budget Control Act by $35 billion. Today's legislation does recognize this inconvenience by obviating sequestration. I guess that is what passes as budget control in these days in this Congress. Some may say that we must pass this bill today to support our men and women in uniform. I would respond by saying that today's 60 minutes of theater continues to avoid meaningfully addressing the needs of our troops. If we were serious about that, we would have solved our number problem and allowed the chair and ranking member of the full committee, and the subcommittee chairs and ranking members of all 12 committees, to negotiate a realistic budget figure last summer so that we could have completed our bill last September. That would be helping our troops. I would also add that if we don't agree to an overall domestic discretionary number, then we will continue to disinvest in the true security of this Nation--our people. We need a domestic number so we can make decisions and give direction to all Federal agencies so they can ***plan*** on how to best invest in our national economy, jobs, and the health and prosperity of our people. The International Trade Commission needs direction so they can fully enforce our trade laws. Customs and Border Protection needs direction. This government needs timely decisions and certainty. According to the Department of Defense, 71 percent of people aged 17 to 24 years of age in the United States would fail to qualify for military enlistment because of physical or mental health issues, low educational scores, or major criminal convictions. General Joseph Dunford, the Chairman of the Joint Chiefs of Staff, has testified that the strength of the United States military is a direct reflection of the strength of U.S society. I would propose that improving the strength of our country is not just a robust defense number that I desperately want. We need a robust domestic number that allows for the critical investments necessary for the success of our economy, the creation of jobs, and for the people of this country. Our number problem is solvable. Give us a negotiated budget number so we can stop wasting everybody's time and the money of the American taxpayers. Then we can truly start supporting the strength of our national security, our troops, and our national economy. Mr. Speaker, I reserve the balance of my time. Ms. GRANGER. Mr. Speaker, I yield 4 minutes to the gentleman from New Jersey (Mr. Frelinghuysen), who is the chairman of the full committee. Mr. FRELINGHUYSEN. Mr. Speaker, I thank the chairwoman from Texas for her time and for her leadership on national security and intelligence issues. Indeed, I would like to thank all members of the subcommittee-- Republican and Democrat--and the staff for their hard work to assure defense and intelligence funding and also for their work on a variety of continuing resolutions that relate to the same. Mr. Speaker, I rise, once again, to support this Defense Appropriations bill just as I did in July and again in September. I visited our troops in Iraq twice last year in addition to official trips to north Africa and Southeast Asia. My goal is always to assess U.S posture in those regions militarily and diplomatically. I can tell you, from those experiences, our Nation's competitive military advantage is badly eroding, and our allies, partners, and adversaries know it. So how have we responded? The reality is: not well enough. In fact, we have pushed our military towards its breaking point. Instead of upgrading our hardware, we have allowed our equipment to age. Instead of arming our troops for tomorrow's fight, we have let them become seriously under-equipped. Instead of rightsizing our Armed Forces, we have reduced their size. Mr. Speaker, we ask a great deal of our men and women in uniform. We ask them to leave their families to complete difficult training. We ask them to move from duty station to duty station without complaint. We ask them to tolerate long deployments far from home. We ask them to carry out dangerous missions in dangerous corners of the world. We ask them to reenlist with their families to preserve the strength of our Armed Forces. Every passing day of reduced military funding levels creates an ever- increasing risk for our men and women on the front lines. We should not ask them to continue to do more with less. This full-year Defense Appropriations bill needs to be enacted now, and may I say the other 11 appropriations bills as well. Mr. VISCLOSKY. Mr. Speaker, I yield 4 minutes to the gentlewoman from New York (Mrs. Lowey), who is the ranking member on the full committee. Mrs. LOWEY. Mr. Speaker, first, I would like to say a few words about the retirement of my chairman, Rodney Frelinghuysen. Chairman Frelinghuysen has carried out his responsibilities with fairness and earnestness, and it has been such a pleasure to serve as ranking member during his chairmanship. I look forward, however, to working together for the remainder of this year on our shared goal: bipartisan and responsible full-year funding for all discretionary investments. Today, we are considering the FY 2018 Defense Appropriations bill for the third time, a time-wasting consequence of an agreement between the Speaker and rightwing Republicans--the third time. Last week, Republican leadership kicked the can down the road and passed yet another continuing resolution delaying investments in our military, education, infrastructure, biomedical research, and so much more. Yet again, the bill before us removes Congresswoman Barbara Lee's amendment to debate a new Authorization for Use of Military Force which received bipartisan support in the Appropriations Committee markup. This undemocratic maneuver, which the majority has repeated once again, is outrageous. In addition to the many procedural inequities, the majority's effort to increase defense spending is a mirage because the bill would turn off sequestration for defense in FY18, allowing Republicans to violate the spirit of our budget laws and increase defense spending while ignoring other investments that grow our economy, create jobs, and further provide for our security. This is hardly about fiscal responsibility. If it were, the majority would eliminate the seven slush funds in this bill that equals $28.6 billion for a department that would receive far more than it requested. Four months into the fiscal year, the Federal Government is irresponsibly operating on the fourth continuing resolution. We do not have an agreement on top-line spending numbers, let alone an omnibus spending package ready when the current CR runs out next week on February 8. So, my friends, [[Page H721]] this is not the time to pat ourselves on the back for a job well done. On the contrary, we should be settling down and working together to pass spending bills for FY18. If the majority were serious about funding our military, then they would move forward toward a full-year, bipartisan omnibus that could pass both Chambers. Instead, they continue to show their inability to govern by leading us down a path that will require another CR that is detrimental to our men and women in uniform. Mr. Speaker, I urge my colleagues to oppose this bill. Ms. GRANGER. Mr. Speaker, I yield 3 minutes to the gentleman from Kentucky (Mr. Rogers), who is the chairman of the State, Foreign Operations, and Related ***Programs*** Subcommittee. Mr. ROGERS of Kentucky. Mr. Speaker, I thank the gentlewoman for yielding time. Mr. Speaker, I rise today in support of this fiscal year 2018 DOD Appropriations bill. Although I am proud to support this critical legislation, I will say that I am disappointed to be here, yet again, speaking in support of the DOD Appropriations bill as we, again, seek its passage in the House. Despite Chairman Frelinghuysen's Herculean efforts to complete all 12 bills on time and passing several packages that included the Defense bill, the Senate refuses to act. We recently saw the effects of this when the government shutdown put great stress on the backs of our servicemembers and their families. Mr. Speaker, it is time that we push aside partisanship and do what is right for the country and for our national security by passing this bill. While it certainly represents the outcome of many hard choices, it prioritizes funding where our troops need it most. It wisely invests in readiness, training, maintenance, and procurement of new equipment and technology to ensure that our troops are prepared for the tasks before them. I am pleased that this bill takes care of our troops and their families at home by granting them a long-awaited 2.4 percent pay raise. Our Nation has been at war for nearly two decades, and our servicemembers have put their lives on the line to ensure that we can live our way of life. This raise represents just one small way for us to honor their service. Mr. Speaker, they say that the third time is the charm, and I hope this holds true here. After the House passes the bill, I urge the Senate to do so as well so that the President can sign this bill into law. According to the Constitution, it is the Congress' responsibility to provide for our common defense. This bill does just that. Mr. Speaker, I urge my colleagues to vote ``yes.'' Mr. VISCLOSKY. Mr. Speaker, I yield 2 minutes to the gentlewoman from Minnesota (Ms. McCollum), who is the ranking member on the Interior, Environment, and Related Agencies Subcommittee and a member of the Defense Subcommittee. {time} 1415 Ms. McCOLLUM. Mr. Speaker, here we are again. For 4 months, the Federal Government has been operating under a series of short-term continuing resolutions. And as we approach yet another deadline to fund the government next week, the Republican majority is spending time on the floor today voting a third time on a Defense Appropriations bill that they know will not pass in the Senate. The most basic, fundamental responsibility of Congress is to provide adequate and timely funding for the entire Federal Government, both our national defense and our domestic priorities, for a full fiscal year. The fact that this bill is on the floor for a third time highlights the absolute failure of the Republican majority to advance a responsible budget process. Mr. Speaker, voting on the same bill three times is the very definition of playing political games. The American people deserve better than this continuing Republican chaos. Democrats and Republicans agree. We agree that defense spending is vitally important, but so is funding education, transportation, healthcare, and all the other Federal ***programs*** that all Americans and our military--their families, included--depend upon. If anyone doubts the harmful impacts of the endless stopgap spending bills, perhaps they should listen to our Secretary of Defense: ``For too long, we have asked our military to stoically carry a `success at any cost' attitude as they work tirelessly to accomplish the mission with now inadequate and misaligned resources, simply because the Congress could not maintain regular order.'' If Republicans are serious about supporting our military, they should heed the Secretary's warning and work with Democrats on a bipartisan budget agreement to fund the entire government for the rest of the year. I have been ready. Democrats have been ready for months to work across the aisle to advance this process. It is long past time that Republicans join us. Ms. GRANGER. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. Calvert), the chair of the Subcommittee on Interior, Environment, and Related Agencies. Mr. CALVERT. Mr. Speaker, I rise in strong support of this measure to fund the Department of Defense for fiscal year 2018. Today marks the 122nd day that our military has gone without funding for FY 2018. Like the rest of the Federal Government, it has been forced to operate under a CR for the past 4 months. Secretary of Defense James Mattis explained the impacts of operating under a CR, particularly those related to readiness and maintenance. They include a scaled-back training exercise across the services, the delayed introduction of 11 ships by the United States Navy, the postponement of all noncritical maintenance work orders by the Army, the curtailment of hiring and recruitment, rising acquisition costs from severed contracts, and renegotiated terms due to the CR. A CR means no new starts, and impacts to current readiness and future ***plans*** are disastrous. This must stop. Today's passage of this bill marks, as was pointed out, the third time we have passed the FY 2018 Defense Appropriations bill in some form. Let's hope the third time is the charm. I commend Chairman Frelinghuysen and Chairwoman Granger on their tireless persistence and relentless determination on behalf of the U.S servicemembers. The bill provides robust funding for shipbuilding, aviation, combat vehicles, and more. It invests in our greatest assets, the men and women who wear the uniform, through increased funds for training, equipment, and the best healthcare. I urge my colleagues to support this bill. I implore the Senate to act. Mr. VISCLOSKY. Mr. Speaker, I yield 2 minutes to the gentlewoman from Ohio (Ms. Kaptur), the ranking member on the Subcommittee on Energy and Water Development, and Related Agencies, and also a member of the Subcommittee on Defense. Ms. KAPTUR. Mr. Speaker, Groundhog Day isn't until Friday, but here we are again, voting for the third time in 7 months on a Defense bill that will go in the hole--nowhere. We are 9 days out from the threat of another shutdown and 4 months into the fiscal year of 2018, which started last October 1, yet we still have no budget framework from our Republican friends and their so-called leadership, nothing to direct appropriators on what numbers from which to negotiate funding for the entirety of the government--not just Defense, not just this account. Instead, Republican leadership wastes important, precious time to debate a bill that has already passed this Chamber twice before. Meanwhile, our Republican colleagues force the entire government to run on autopilot for over a third of the fiscal year and trumpet their claim that only they prioritize the military. How can anyone take this seriously? Republicans have provided no overall roadmap of a funding strategy for the Federal Government. They failed to agree within their own caucus on funding priorities, leaving them incapable to even begin to negotiate with Democrats. As a result, law dictates a defense funding level of $549 billion. That is a lot of money. Half a trillion. But here we are debating, for the third time, an astounding $659 billion for defense. That is $110 billion more. Hmm. [[Page H722]] We can all agree that funding defense is a priority, but so are pensions, community health centers, Federal workforce training, the opioid crisis, keeping our waters clean, domestic security. Well, the list goes on, and each deserves attention. Why are we voting again on a lopsided bill that blows up budget caps when there are so many other bipartisan priorities? This is a partisan sideshow that attempts to mask Republican Party dysfunction. This is not leadership. The SPEAKER pro tempore. The time of the gentlewoman has expired. Mr. VISCLOSKY. Mr. Speaker, I yield the gentlewoman from Ohio an additional 30 seconds. Ms. KAPTUR. Mr. Speaker, I urge my colleagues to once again oppose this partisan talking point and demand action on an agreement to fund the entire government for the remaining part of this fiscal year. We have little more than a week to secure a ***plan*** for the remainder of 2018, but it may be a road too far if Republicans don't come to the table to talk among themselves seriously and then be willing to negotiate with this side of the aisle. Ms. GRANGER. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. Carter), chairman of the Homeland Security Subcommittee. Mr. CARTER of Texas. Mr. Speaker, I rise in support of this Defense Appropriations bill which will provide full-year funding for the Defense Department so they can continue to effectively defend our country from an ever-expanding threat which exists in the world today. This bill ends uncertainty and ineffectiveness of a continuing resolution, allows the DOD to ***plan*** and execute on the things they need to do today, not last year. Our military needs to modernize to face new threats it will face in this world, and they can't do that with a CR. This bill also lifts sequestration caps which have, to paraphrase Secretary Mattis, caused more harm to our military than any enemy. Lifting these caps for FY18 is essential towards improving the readiness of our force. The world is changing rapidly and so is the nature and threat to our military forces and what they face day and night. We owe it to our servicemen and -women to give them the resources to modernize their capabilities so that they can best face this threat. Mr. Speaker, our military is the greatest natural resource in the country. I am reminded of this every time I visit The Great Place, Fort Hood, in my district. The troops at Fort Hood are currently leading the fight against ISIS and will benefit from this bill, and we owe it to them. We sleep every night under the blanket of freedom they provide through their sacrifice. I am proud to support them and hopeful that we will pass this bill so we can give them what they need right now so they won't face the uncertainty of endless sequestration and CRs. I support this bill and encourage my colleagues to support it. And it is a current event. Last night, as I flew into Washington, D.C , we carried the remains of an American warrior. It is a current event. We are all responsible for it. We need to get this job done. Mr. VISCLOSKY. Mr. Speaker, I yield 3 minutes to the gentlewoman from California (Ms. Lee), my friend and a senior member of the Appropriations Committee. Ms. LEE. Mr. Speaker, let me thank the gentleman for yielding me time and for his tremendous leadership as our ranking member on the Defense Subcommittee of the Appropriations Committee. Mr. Speaker, I rise in opposition once again to this bill. I think the House has taken it up now for a third time this year. Let me just start by saying I grew up in a military family. I am a military brat. My dad fought in World War II and in the Korean War. He was stationed, among his posts, at Fort Bliss, Texas. And I want to say that supporting our troops, making sure that they have everything they need, is extremely important. And opposing this budget, for me, of course, does not reflect my support for our troops. But I just have to tell you, this bill appropriates the $664 billion in defense spending for this already out-of-control Pentagon budget. It also includes more than $75 billion for wars that Congress has never debated or voted on. And what is worse, this bill includes $1.2 billion in overseas contingency operations to increase troop levels in Afghanistan by 3,500 troops. This is really outrageous, and this fund should really be eliminated. Now, the Pentagon has failed to achieve the requirement to audit itself by 2017, and we know that billions of dollars have been found in waste, fraud, and abuse. That is unacceptable. Instead of writing blank checks--which is what I think this bill does, another blank check to the Pentagon--Congress needs to live up to its constitutional obligation to complete an audit, first of all, to determine how to make sure we have a rational defense budget that protects our national security and supports our troops, not to provide excess contracts that lead to waste, fraud, and abuse. We also need to debate matters of war and peace. So we need to pass my amendment, which I tried to do, quite frankly, last year in this very bill, that would sunset the 2001 AUMF, and it would give us 8 months--not immediately, but 8 months--to debate and vote on a new one before it would be enacted. It took 3 days to enact the last one. That is what the debate was. I am asking for 8 months. This important amendment would provide Congress plenty of time to do our job and finally have a debate on matters of war and peace. However, even though my amendment passed the Appropriations Committee in a bipartisan fashion, Republicans unilaterally decided to strip this amendment from the bill, really, I have to say, in the dead of night. The SPEAKER pro tempore. The time of the gentlewoman has expired. Mr. VISCLOSKY. Mr. Speaker, I yield the gentlewoman from California an additional 1 minute. Ms. LEE. Mr. Speaker, this was very undemocratic and underhanded, and it makes me wonder: What is the Speaker afraid of? So I asked for my amendment to be debated and voted on on the House floor, and again Republican leadership refused--really a shame. Our brave troops deserve us to come together and do this so that they know that their country has their back. I voted against the 2001 authorization because I believe it opened the door for any President to wage endless war without a congressional debate or vote. Quite frankly, unfortunately, history has borne that out. According to the Congressional Research Service report, the 2001 AUMF has been used more than 37 times in 14 countries to justify military action. This report examines only unclassified incidents, and it was conducted 3 years ago. So how many other operations have been conducted without the knowledge of Congress or the American people? These authorizations have also been used to justify perpetual wars that are thousands of miles away. I will conclude by saying that now any President--any President--can unilaterally wage war under this outdated authorization forever, really, until it is repealed. Now we have an administration bent on increasing our presence in Afghanistan and never leaving Syria, both wars that the American public know nothing about. Mr. Speaker, I urge a ``no'' vote on this bill, and reject this wasteful spending. Ms. GRANGER. I yield 2 minutes to the gentleman from Alabama (Mr. Aderholt), chairman of the ***Agriculture***, Rural Development, Food and Drug Administration, and Related Agencies Subcommittee. {time} 1430 Mr. ADERHOLT. Mr. Speaker, I rise today to urge my colleagues to support this Defense Appropriations bill. It has been noted here already: a total of $659 billion for full-year funding for the Department of Defense, including $584 billion for base funding and $75.1 billion for overseas contingency operations. It also fully funds a 2.4 percent pay raise and supports an increase in troop numbers. When you add the $4.7 billion in emergency missile defense and other funds requested by the President in November, funding for this DOD appropriations totals $664 billion--fully consistent with the NDAA for FY 2018. [[Page H723]] The House passed nearly identical legislation last year back in July, and then again in September. Despite the best efforts in the House, here we are again. We are doing this legislation again--the other body has failed--and we are operating on the fourth continuing resolution for FY 2018. That is the 30th CR--or continuing resolution--that Congress has passed since January of 2011. The House passed each of the 12 appropriations bills and their individual subcommittees and each of the 12 appropriations bills in full committee markup, and each bill has seen the light of day on the House floor. The other body, Mr. Speaker, is a different story. Not one single appropriations bill has seen the light of day on the Senate floor. No progress has been made on any individual appropriations bills because that body can't seem to get them on the calendar. Part of that has been the demand of every administration nominee be discussed for a full 30 hours--something that this Congress never did under President Obama. If going to a 51-vote process for appropriations bills is the only way to break this logjam, then such a decision should be made. I am on record for that idea, as are many Senators as well. Mr. Speaker, we find ourselves in this situation once again. The real question is: Will the other body do theirs? Mr. VISCLOSKY. Mr. Speaker, I yield 3 minutes to the gentlewoman from Florida (Ms. Wasserman Schultz), the ranking member on the Military Construction, Veterans Affairs, and Related Agencies Subcommittee. Ms. WASSERMAN SCHULTZ. Mr. Speaker, I thank the gentleman for yielding and for his leadership--particularly, his responsible leadership--as the ranking member of the Defense Appropriations Subcommittee. Mr. Speaker, I rise in strong opposition to the political gambit that the Republican leadership is pulling today. Virtually identical versions of the Defense Appropriations bill we are considering have already passed the House twice. The Republican majority is so bankrupt of ideas that they are now going around in circles playing political games. As a member of the Appropriations Committee, I strongly support moving appropriations bills through the committee and to the floor through regular order. I applaud all of my committee colleagues on both sides of the aisle for working in good faith on all 12 appropriations bills. But the appropriations process has been hijacked by Republican leadership and the rightwing ideologues who now run the House. Regardless of the outcome of today's vote, all appropriations bills will remain stuck in the swamp that is this Republican Congress. The reason for this holdup is that Republican so-called leaders have refused to work across the aisle toward an agreement on a budget that would prevent the gutting of investments in vital national priorities: from education to infrastructure, from healthcare to housing, from diplomacy to defense. We need to provide our military with the resources they need. There is no question about that. Instead, the Republican majority is using the brave servicemen and -women who defend our Nation as pawns in a partisan crusade that would undermine the nation our troops are defending. The stated Republican rationale for their intransigence is that they are concerned about the deficit, yet these are the same Republicans who voted to explode the deficit by more than $1.5 trillion in order to give a huge tax cut to big corporations and the top 1 percent. As each day passes, it becomes more and more clear that the priorities of the Republican majority are backward and immoral. Instead of expanding access to affordable healthcare, Republicans tried to repeal the Affordable Care Act and leave millions uninsured. Instead of investing in the middle class, Republicans gave a huge tax giveaway to those who have turned their backs on the middle class. Instead of building on bipartisan efforts to advance reasonable reforms to our immigration system, Republicans are trying to tear apart families and close the door on aspiring Americans. Instead of responsibly funding national priorities, Republicans are playing political games to distract from their failure to govern. Instead of investing in all of our people, Republicans are pitting us against each other to deflect the blame from where it belongs--with the party who controls both Houses of Congress and the White House. This is no way to keep the state of our union safe. This is no way to keep the state of our union strong. Mr. Speaker, I urge my colleagues to oppose this political charade. Let's work together to invest in all of our national priorities and make the state of our union more perfect. Ms. GRANGER. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. Thornberry), the chairman of the House Armed Services Committee. Mr. THORNBERRY. Mr. Speaker, I thank the gentlewoman for yielding. I appreciate her strong, persistent leadership on behalf of our troops and our Nation. Mr. Speaker, in the days leading up to the most recent government shutdown, we heard a number of Members of both bodies, on the floor and in the press, say that they were opposed to that continuing resolution because of the damage that continuing resolutions do to the military. It is absolutely true that continuing resolutions do erode our fighting capability. This is the chance--the bill that the gentlewoman from Texas has brought--this is the chance to do it right. This is the chance to fully fund the military for the rest of the fiscal year and get them out of the CR mess. So all of those Members who came here to the well and have talked to the press and in the other body, who expressed concern about the damage that a CR does, this is the chance to fix that problem by voting for the bill that is before us today. Mr. Speaker, it is another opportunity to remove our troops from the partisan political morass that has seemed to bind them. We just heard in the previous speech everything from healthcare, taxes, funding for housing, the full panoply of issues. Some Members have used all of their desire to get an outcome they want on those other issues as an excuse for not funding our military. More recently, we have heard Members who say: Yes, I know the military needs to be funded, they need more money, but I can't support it until we have the outcome I want on an immigration issue. So from taxes and healthcare and immigration, it is all an excuse to not fund the military, to keep them hostage, until those other issues are resolved the way that Members want them to be. Mr. Speaker, I just think that is wrong. We need to set our military free of all of the other issues. I may well agree on finding a reasonable solution to the DACA issue. I may well agree on more funding for a number of domestic spending ***programs***. But none of them, however important they may be, should be an excuse for failing to support the military so that when they go out and perform the missions our country asks them to perform, they are fully trained, fully supported, and equipped with the best that this country can offer. Mr. Speaker, I think it is important for all of us, whatever committee we serve on, to remember that the men and women who are out there risking their lives for us, do so unconditionally, whether it is in the mountains of Afghanistan, near the DMZ of Korea, whether they are doing exercises in Eastern Europe or the Middle East, they perform their service unconditionally. Our support for them should be unconditional, too. Mr. VISCLOSKY. Mr. Speaker, I reserve the balance of my time. Ms. GRANGER. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania (Mr. Rothfus). Mr. ROTHFUS. Mr. Speaker, I rise in support of this bill. I have said it before and I will say it again: Last summer, the House passed all 12 appropriations bills before the 2018 fiscal year started on October 1. In those bills, we appropriated the funds necessary to equip our servicemembers with the resources they need to defend this country in the face of threats from North Korea, China, Russia, al-Qaida, [[Page H724]] ISIS, Iran, and cyber threats, just to name a few. Yet our servicemembers have been routinely denied access to these resources as Senate Democrats have been holding back the full funding of our armed services. In doing so, they ask our servicemembers to go into battle with aging equipment and insufficient resources, risking their lives to defend America. Just 10 days ago, we had another helicopter accident and we lost two pilots who were in an Apache. Our men and women in uniform haven't even had a modest pay raise in a very long time. It is time to deliver on this commitment. Mr. Speaker, we have the opportunity at times to visit our troops overseas. I had the opportunity at the end of last year to look into the young faces of our men and women over there. They are expecting us to do this. I would like to remind my colleagues across the aisle that our adversaries are on the move. Russia and China are expansionists now. North Korea and Iran fire off ballistic missiles at our allies, destabilizing those regions. There is no doubt that our inaction only emboldens them. Mr. Speaker, we must rebuild our military before it is too late. The choice is easy: we either deter our enemies through superior strength, or we risk greater conflict by demonstrating weakness. Let me be clear: what we spend on our defenses should not be a function of any other ***program***. It should be a function of the threats our Nation faces and what we owe our servicemembers in the field. Mr. Speaker, I implore my colleagues across the aisle to fund our military today. Mr. VISCLOSKY. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, I would simply close at the point where I began and ask the Members of this institution at large--the United States Congress, both Houses--to please give the Appropriations Committees numbers for defense and discretionary spending so that under the leadership of Chairman Frelinghuysen and Mrs. Lowey, in this case under Chairwoman Granger, myself, and the other 11 subcommittees, we can finish our work. It is less than 2 weeks before we will begin fiscal year 2019. I would ask my colleagues to please give us those numbers so that we can do our work effectively. Mr. Speaker, I yield back the balance of my time. Ms. GRANGER. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, as we conclude our remarks and, again, call for a vote on this very important bill, I want to express my respect and appreciation for the help of Ranking Member Visclosky, and certainly for the leadership of Appropriations Chairman Rodney Frelinghuysen. I have been fortunate to follow the chairman, as chair of Defense Appropriations, and I speak for all who serve on his committee, who look to him for leadership and respect him for his service. He is an extraordinary public servant and a model for us all, and we thank him. Mr. Speaker, the time is long past for Congress to fulfill their duty. I urge all Members to support this bill, and I yield back the balance of my time. The SPEAKER pro tempore. All time for debate has expired. Pursuant to House Resolution 714, the previous question is ordered. The question is on the motion by the gentlewoman from Texas (Ms. Granger). The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it. Ms. GRANGER. Mr. Speaker, on that I demand the yeas and nays. The yeas and nays were ordered. The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, this 15- minute vote on adoption of the motion will be followed by a 5-minute vote on: Suspending the rules and passing H.R 4292. The vote was taken by electronic device, and there were--yeas 250, nays 166, not voting 14, as follows: [Roll No. 49] YEAS--250 Abraham Aderholt Allen Amodei Arrington Babin Bacon Banks (IN) Barletta Barr Barton Bera Bergman Biggs Bilirakis Bishop (GA) Bishop (MI) Bishop (UT) Black Blum Bost Brady (TX) Brat Bridenstine Brooks (AL) Brooks (IN) Brownley (CA) Buchanan Buck Bucshon Budd Burgess Bustos Byrne Calvert Carbajal Carter (GA) Carter (TX) Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comer Comstock Conaway Cook Cooper Costello (PA) Cramer Crawford Culberson Curbelo (FL) Curtis Davidson Davis, Rodney Denham Dent DeSantis DesJarlais Diaz-Balart Donovan Duffy Duncan (SC) Dunn Emmer Estes (KS) Farenthold Faso Ferguson Fitzpatrick Fleischmann Flores Fortenberry Foxx Frelinghuysen Gabbard Gaetz Gallagher Garamendi Garrett Gianforte Gibbs Gohmert Goodlatte Gosar Gottheimer Gowdy Granger Graves (GA) Graves (LA) Graves (MO) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Herrera Beutler Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hudson Huizenga Hultgren Hunter Hurd Jenkins (KS) Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, Sam Jordan Joyce (OH) Katko Kelly (MS) Kelly (PA) King (IA) King (NY) Kinzinger Knight Kuster (NH) Kustoff (TN) Labrador LaHood LaMalfa Lamborn Lance Latta Lewis (MN) LoBiondo Loebsack Long Loudermilk Love Lucas Lujan Grisham, M. MacArthur Maloney, Sean Marchant Marino Marshall Mast McCarthy McCaul McHenry McKinley McMorris Rodgers McSally Meadows Meehan Messer Mitchell Moolenaar Mooney (WV) Mullin Murphy (FL) Newhouse Noem Norman Nunes O'Halleran O'Rourke Olson Palazzo Palmer Paulsen Pearce Perry Peters Peterson Pittenger Poliquin Posey Ratcliffe Reed Reichert Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Rogers (KY) Rohrabacher Rokita Rooney, Francis Rooney, Thomas J. Ros-Lehtinen Rosen Roskam Ross Rothfus Rouzer Royce (CA) Ruiz Russell Rutherford Scalise Schneider Schweikert Scott, Austin Sensenbrenner Sessions Shimkus Shuster Simpson Sinema Smith (MO) Smith (NE) Smith (NJ) Smith (TX) Smucker Stefanik Stewart Stivers Taylor Tenney Thompson (PA) Thornberry Tipton Trott Turner Upton Valadao Veasey Wagner Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (AK) Young (IA) Zeldin NAYS--166 Adams Aguilar Amash Barragan Bass Beatty Beyer Bonamici Boyle, Brendan F. Brady (PA) Brown (MD) Butterfield Capuano Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Clyburn Cohen Connolly Correa Costa Crist Crowley Cuellar Davis (CA) Davis, Danny DeFazio DeGette Delaney DeLauro DelBene Demings DeSaulnier Deutch Dingell Doggett Doyle, Michael F. Duncan (TN) Ellison Engel Eshoo Espaillat Esty (CT) Evans Foster Frankel (FL) Fudge Gallego Gomez Gonzalez (TX) Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Higgins (NY) Himes Hoyer Huffman Jackson Lee Jayapal Jeffries Johnson (GA) Kaptur Keating Kelly (IL) Khanna Kihuen Kildee Kilmer Kind Krishnamoorthi Langevin Larsen (WA) Larson (CT) Lawrence Lawson (FL) Lee Levin Lewis (GA) Lieu, Ted Lipinski Lofgren Lowenthal Lowey Lujan, Ben Ray Lynch Maloney, Carolyn B. Massie Matsui McCollum McEachin McGovern McNerney Meeks Meng Moore Moulton Nadler Napolitano Neal Nolan Norcross Pallone Panetta Pascrell Payne Pelosi Perlmutter Pingree Pocan Polis Price (NC) Quigley Raskin Rice (NY) Richmond Roybal-Allard Ruppersberger Rush Ryan (OH) Sanchez Sanford Sarbanes Schakowsky Schiff Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Sires Slaughter Smith (WA) Soto Speier Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Titus Tonko Torres Tsongas Vargas Vela Velazquez Visclosky Walz Wasserman Schultz Waters, Maxine Watson Coleman Welch Yarmuth NOT VOTING--14 Blackburn Blumenauer Blunt Rochester Cardenas Courtney Cummings Issa Johnson, E. B. Jones Kennedy Luetkemeyer McClintock Poe (TX) Wilson (FL) [[Page H725]] {time} 1511 Messrs. CARSON of Indiana and CRIST changed their vote from ``yea'' to ``nay.'' Messrs. LUCAS, JORDAN, COFFMAN, and CARBAJAL changed their vote from ``nay'' to ``yea.'' So the motion to concur was agreed to. The result of the vote was announced as above recorded. A motion to reconsider was laid on the table. Stated for: Mr. POE of Texas. Mr. Speaker, I was unavoidably detained. Had I been present, I would have voted ``yea'' on rollcall No. 49

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[***Programme summary of Armenian Public TV news 1700 gmt 26 Sep 17***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PK5-CNW1-JC8S-C1FC-00000-00&context=1516831)

BBC Monitoring Trans Caucasus Unit

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September 27, 2017 Wednesday

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**Length:** 842 words

**Body**

Summary of ***programme*** broadcast on state-owned Armenian Public TV on 26 September at 17:00 gmt

Presenters: Artak Herikyan, Shahane Mezhlumyan

0012 Headlines

1.0133 Issues related to the possibilities of the creation of a united healthcare system on the territory of the Eurasian Economic Union were discussed during an Armenian-Russian Healthcare Forum in Yerevan with participation of Russian Healthcare Minister Veronika Skvortsova.

2. 0156 Armenian President Serzh Sargsyan and Russian Healthcare Minister Veronika Skvortsova spoke about bilateral cooperation and the possibilities for information exchanges in healthcare sphere. Skvortsova also held meetings with Prime Minister Karen Karapetyan and Healthcare Minister Levon Altunyan and discussed possible cooperation in pharmaceutical and healthcare business management.

3. 0402 At the meeting with visiting French parliament member Olivier Dassault, the Armenian president said that one of the priorities of the bilateral agenda is deepening Armenian-French trade and economic relations, which should correspond to the current high-level political dialogue between the two countries.

4. 0457 At a meeting with the visiting Iraqi ***Agriculture*** Minister Falah Hassan Zaidan, the Armenian president said that Armenia will always support Iraq in its fight against terrorism. Zaidan said that Iraq is interested in deepening relations and boosting trade between the two countries.

5. 0537 Issues related to increasing the number of Yerevan-Baghdad flights, facilitation of the visa regime, cooperation in the energy sphere and boosting of trade between Armenia and Iraq were discussed at the regular meeting of the Armenian-Iraqi intergovernmental commission in Yerevan.

6. 0706 The meeting of Armenia's Military-Industrial Commission chaired by Prime Minister Karen Karapetyan discussed the development ***programme*** of the country's state military-industrial complex. Karapetyan said the ***programme*** is the first of its kind in the history of independent Armenia and is very important in terms of ensuring the country's military security.

7. 0728 The Armenian armed forces have conducted live-fire exercises using Smerch multiple rocket launchers among other military technique in the southern part of the country.

8. 0757 Sociologists involved in the Ditaket sociological project launched by the Armenian Defence Ministry continue conducting surveys among discharged servicemen to reveal any problems they might have encountered in the army. Armenian Defence Minister Vigen Sargsyan said that the ***programme*** has nothing to do with the mobilisation to the armed forces.

9. 0940 Joint Armenian-Russian operational-***strategic*** Combat Brotherhood-2017 drills will start in Armenia in October.

10. 1026 Four medical workers in different Armenian hospitals were charged with providing incorrect information about conscripts' health.

11. 1050 At a meeting with Georgian President Giorgi Margelashvili in Tbilisi, Armenian Parliament Speaker Ara Babloyan said that Armenia expects a "balanced" stance from Georgia in the issue of Nagorno-Karabakh conflict settlement. Babloyan and Georgian Prime Minister Giorgi Kvirikashvili discussed boosting trade and creation of joint tourist packages.

12. 1118 Minister of Transport, Communication and Information Technologies Vahan Martirosyan spoke about the process of building the North-South highway, as well as improving modes of passenger transportation and routes, at a news conference.

13. 1410 Nature Protection Minister Arstvik Minasyan spoke about the consequences of the wildfire in the Khosrov natural reserve and steps to prevent illegal tree cutting at a news conference.

14. 1619 Minister of Economic Development and Investments Suren Karayan held a meeting with Armenian businessmen from Russia's Krasnodar District, who said they are ***planning*** to cooperate with local food ***producers*** in Armenian regions and export their production to Krasnodar.

15. 1848 Foreign news: Iraq's Kurdistan, USA, Spain, North Korea

16. 2205 The head of the European Union Delegation to Armenia, Piotr Switalski, said that the upcoming EU summit in Brussels will demonstrate that Europe attaches real importance to the Eastern Partnership and the countries participating in it, including Armenia.

17. 2245 The Armenian and Russian education ministers attended the opening ceremony of a high school in Yerevan named after former Emergency Minister Armen Yeritsyan.

18. 2417 The students of a school in the town of Ashtarak went on a strike demanding that the school, which is in poor condition, be repaired.

19. 2450 Germany-based philanthropists of the Hayastan All-Armenian Fund donated a flat to another socially-vulnerable family in the town of Gyumri.

20. 2526 Video report on the 26th anniversary of Armenia's Independence being celebrated in Moscow, Beirut, Tehran.

21. 2747 Culture

22. 3146 Sports

23. 3253 Video report on a modernised branch of Ardshinbank opening in the town of Masis.

24. 3422 Weather

3436 Presenters sign off

Source: Public Television of Armenia, Yerevan, in Armenian 1700 gmt 26 Sep 17

**Load-Date:** September 27, 2017

**End of Document**



[***South Africa successfully concludes its term as Chair of the International Atomic Energy Agency Board of Governors***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PMW-FGR1-F0K1-N3BD-00000-00&context=1516831)

M2 PressWIRE

October 5, 2017 Thursday

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**Length:** 1130 words

**Body**

October 5, 2017

At the end of September 2017, South Africa concluded its one-year term at the helm of the International Atomic Energy Agency (IAEA) Board of Governors. South Africa's Permanent Representative to the IAEA, Ambassador Tebogo Seokolo, was elected to serve as Chair of the Board for the period October 2016 to the end of September 2017. South Africa is one of the founding members of the IAEA.

The Board of Governors is the major policy-making organ of the IAEA between its annual general conferences. It is made up of 35 Member States, with South Africa serving as one of its designated members. The IAEA is a multilateral body with the responsibility to promote the safe and secure use of nuclear science and technology for peace, security and development.

South Africa presided over the IAEA Board of Governors at a time when the global peace and security environment has been characterized by heightened tensions and uncertainties. Although the conclusion of the historic nuclear agreement in 2015 between the Five Permanent Members of the United Nations Security Council plus Germany (P5 +1) promised to de-escalate tensions between western countries and Iran over its nuclear ***programme***, the unequivocal commitment of all signatories to its effective implementation has become all the more important. This is especially necessary given that the IAEA has verified over the past year that Iran has continued to implement its obligations under the agreement.

Similarly, the instability on the Korean Peninsula and concerns with the Democratic People's Republic of Korea's (DPRK) nuclear ***programme*** has continued to be one of the key topics on the agenda of the IAEA Board of Governors during South Africa's tenure. In this regard, South Africa joined the international community in expressing concern at DPRK's nuclear weapons ***programme***. Further, South Africa urged the DPRK and all parties involved to refrain from any actions that would further escalate tensions and exacerbate the volatile situation in the region.

Other important achievements by the Board under South Africa's leadership included the appointment of the Director General of the IAEA; the Medium Term ***Strategic*** Framework, which is a five-year ***planning*** and guidance document for the work of the IAEA; the ***Programme*** and Budget and Technical Cooperation Fund Target, which will enable the IAEA to support Member States, especially developing countries, in utilising nuclear science and technology to meet their developmental needs; and the 5 year Nuclear Security ***Plan***, which guides the IAEA's role in coordinating international cooperation and supporting Member States to strengthen their respective nuclear security regimes.

In discharging its mandate as Chairperson of the Board of Governors, South Africa always sought to ensure that the decisions taken by the Board were adopted by consensus in order to create an opportunity for all IAEA Member States, from across all regions of the world, to participate on an equal footing when deliberating on matters of global significance. This principled approach resonates with South Africa's call for the transformation and reform of the global system of governance and is at the core of South Africa's identity as a Nation.

During its tenure, South Africa is also pleased that the IAEA Board of Governors emphasised the developmental role of the IAEA through its activities related to nuclear science, technology and applications. As part of this process, the IAEA provides support among others to countries on the African Continent to meet their national and regional developmental needs and priorities. Of the 17 United Nations Sustainable Development Goals (SDGs), the IAEA through nuclear science and technology directly contributes to the attainment of 9 of these goals. For example, the IAEA contributes to the promotion of food security and sustainable ***agricultural*** development; improvement of nutrition and the diagnosis and the treatment of diseases; provision of clean water to be made available to more people; environmental protection and awareness; and provision of knowledge and expertise for science and industry.

South Africa has also benefitted immensely from the IAEA's scientific and technological support. Cooperation in this regard includes the eradication of moths - which negatively affected the citrus industry in the Western and Eastern Cape Provinces - resulting in the significant increase of citrus production without using chemicals. The IAEA also assisted in strengthening the clinical management of oncological, neurological and cardiovascular diseases; supported South Africa in the development of the Sterile Insect Technique to help control malaria; and supported South African laboratories (iThemba labs) in strengthening and expanding their capacities in accelerator-based sciences in order to provide training and analytical services for water resource management and climate change studies.

South Africa is highly regarded by the IAEA due to the development of its peaceful nuclear ***programme***. Through the power plant in Koeberg, the country generates 5% of total electricity supply from nuclear. South Africa is the second largest ***producer*** of medical isotopes, which are used in the diagnosis and treatment of cancer. Through its research reactor, SAFARI-1, which has for over 50 years operated safely, securely and reliably, South Africa exports this life-saving treatment to over 60 countries world-wide.

Having successfully concluded its term as Chair of the IAEA Board of Governors, South Africa remains convinced now more than ever, that the IAEA has an important role to play in global efforts to promote international peace, security and development. It is in this context that South Africa used its leadership of the Board to promote a balanced approach in implementing the IAEA's legal mandate in line with its motto "Atoms for Peace and Development".

The Minister of International Relations and Cooperation, Ms Maite Nkoana-Mashabane has expressed South Africa's appreciation to the IAEA Member States and the African Continent in particular for entrusting the country to lead the IAEA Board of Governors during the past year. This, according to the Minister, "is yet another demonstration of South Africa's commitment to strengthening multilateralism, which is at the core of our foreign policy and the basis for building a better South Africa, a better Africa and a better World".

The Minister has congratulated Ambassador Seokolo and the team in Vienna for their extraordinary work and achievements during South Africa's Chairship of the Board and conveyed that they have made South Africa proud.

Distributed by APO on behalf of Republic of South Africa: Department of International Relations and Cooperation.

**Load-Date:** October 5, 2017

**End of Document**



[***Register of Commission documents: Updated version of the 2017-2020 Single Support Framework for EU support to Armenia Document date: 2017-09-26 COM-AC\_DR(2017)D052102-03 Comitology - Right of scrutiny***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R13-MHW1-JDG9-Y0HV-00000-00&context=1516831)

Impact News Service

November 17, 2017 Friday

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**Length:** 10499 words

**Body**

Brussels: Public Register European Parliament has issued the following document:

EN

***Programming*** of the European Neighbourhood Instrument (ENI) - 2017-2020

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Single Support Framework for EU support to Armenia

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  Single Support Framework for Armenia 2017-2020

Introduction

The Republic of Armenia (further referred to as Armenia) is a lower middle-income country with a projected GDP per capita of USD 3,511[1] in 2016 with a resident population of 2.9[2] million people. There is alsoa large historical Armenian diaspora all over the world.

Armenia’s economic performance has slowed down from a growth rate of7% GDP in 2012 to nearly 0% in 2016. This was largely due to the economic crisis in Russia as well as structural challenges within Armenia.The consequences of the conflict over Nagorno-Karabakh also weigh heavily on the economic development.

Armenia'sunemployment rate is estimated to have reached18.8% in 2016[3]. Unemployment and lack of economic opportunities have contributed to significant emigration. Remittances from migrant workers play an important role for Armenia’s economy, constituting 16.1% of GDP in 2015 and 14.3% in 2016[4].

The geography of poverty in Armenia shows substantial gaps between the capital city of Yerevan (25.6%) and other urban areas (39.4%). Today the key social challenges that Armenia faces are – unemployment (18.8% in 2016); poverty (29.8% in 2015[5]); and emigration (1% annuallyin the last five years).

Despite the country's commitments to ensuring the rule of law and positive recent achievements,challenges remainin the area of good governance, rule of law and democracy and further efforts are needed for the application of international commitments related to respect to human rightsand the independence of the judiciary. Armenia ranked 106 out of 140 countries in judicial independence in the Global Competitiveness Report 2016. Armenia has shown modest progress in the Worldwide Governance Indicators, notably in regulatory quality and control of corruption, but there has been regression between 2013 and 2015 on Government Effectiveness, while the country remains 'partly free' according to Freedom House 2016 ratings, given the many media freedom challenges.

In 2015, Armenia voted for aconstitutional reformin a referendum. The new Constitution will modify the current semi-presidential model of government into a parliamentary one. In December2015, the EU and Armenia opened negotiations on a new agreement to replace the 1999 EU-Armenia Partnership and Cooperation Agreement. In March 2017, Armenia and EU initialled the new Comprehensive and Enhanced Partnership Agreement (CEPA).

Following electoral reforms, which were agreed in 2016 by Government of Armenia,the opposition and civil society,the parliamentary elections held in April 2017 werewell-administered and fundamental freedoms were generally respected; however, as noted by the election observation mission, important shortcomings remained (including vote-buying and misuse of administrative resources), which contributed to an overall lack of public confidence and trust. Further commitment to implementing electoral reform is needed to address this.

1.       EU Response

  1.1 ***Strategic*** objectives of the EU's relationship with the partner country

The stabilisation and resilience of neighbouring countries are the EU's main political priorities outlined in the European Neighbourhood Policy (ENP) review[6]of November 2015 and in the Global Strategyfor the European Union’s Foreign and Security Policyof 29 June 2016. The framework for EU-Armenia relations is embodied in the above-mentioned CEPA.

The priorities and indicative allocations for financial assistance to be included in the Single Support Framework for 2017-2020(SSF) are directly linked to the policy objectives outlined in the EU-Armenia Partnership Priorities, the priorities identified during the Riga Summit, the '20 Deliverables for 2020'[7], as well as tothe Joint ***Programming***[8]which is also building on the Republic of Armenia’s Government ***Programme*** 2016.

EU's cooperation with Armenia aims at supportingthe country'sresilience, security and prosperitybuilt on democracy, human rights, rule of law and sustainable economic growthand its connection with the EU and the region through enhanced connectivity and mobility and people-to-people contacts.

1.2       Choice of sectors of ***intervention***

The sectors of ***intervention*** in the SSF 2014-17 were private sector development, public administration reform and justice reform. The first of these objectives was well served by the projects that developed the equity financing and improved the organisation of ***agriculture***, but a need for further support to economic development remains. Similarly, the public administrative reform registered an important success in the electoral reform and has helped establish a strategy for further work, which will be addressed under the priority 'strengthening institutions, where also the findings of the recent peer review of the Armenian judiciary may be addressed to build on the achievements of the previous period.

The priority sectors reflect the revised ENPand the Partnership Priorities,and are coherent with the Eastern Partnership priorities set in Riga and withthe'Eastern Partnership Deliverables'.

The SSF identifies key actions within these priority areas and ismoreover in line withthe key global policy goals set by the UN 2030Sustainable Development Goals and the Paris Agreement on Climate Change. Gender equality, care for vulnerable populations, civil society participation and environment and climate issues are mainstreamed across the sectors.

Consultations have taken place with the Government, Civil Society Organisations, multilateral and bilateral donors including EU Member States, International Financial Institutions and International Organisations. The choice of priority sectors has also been guided by theEU Joint Analysis[9], presented to the Government in October 2016.

The indicative budget allocations reflect the focus on delivering tangible and visible results for citizens. In order to maximize the impact of EU assistance both in terms of promoting sustainable change and reforms and ensuring visible improvements in the daily life of citizens, a cluster of ***interventions*** could be focused on specific regions of Armenia, whilst recognising sustainable development and reform needs across the wholeterritory.Specific efforts will be made to foster communication on EU policies and support..

To enhance the impact and visibility of EU support, the EU will identify, together with the Government of Armenia, one or two pilot regions. In each pilot region, the EU will aim to concentrate support from a number of cross-sectoral initiatives to maximise impact. This will also allow new initiatives to be piloted in the selected regions, where appropriate.

The approach of pilot regions does not mean that EU assistance will be limited to these regions. It will permit concentration of EU support, where appropriate.The aim is to ensure that EU support is as close to citizens as possible.

The sectors selected for support are:

Sector 1:         Economic development and market opportunities

(indicatively 35% of total budget)

Given the economic growth constraints facing Armenia, including the economic crisis in Russia and its effects on the country, further improvements in the business environment, including fair competition between economic actors, easier access to finance with appropriate financial infrastructure, and development of human capital are necessary to ensure sustainable and inclusive economic growth.

Continued improvement of the business environment with sound economic governance, level playing field and non-discriminatory support to industries with high sustainable economic growth potential and value-added is the key to economic development. Moreover, the transition to a more green and circular economy could not only boost competitiveness, but also provide new jobs.Finally, better cross-border interconnections are important for fostering exports.

Sector 2:         Strengthening institutions and good governance

(indicatively 15% of total budget)

The necessary structural reforms require political stability and governance capacities. There are several important general constraints to the country’s sustainable growth linked to flaws in governance, including: in the functioning of judicial system; respect of human rights; the corruption situation; and the inefficient public administration, including at local government level. Additionally, civil society and media should be further supported to build their capacities, in their efforts to strengthen rule of law and  fighteffectively against corruption.

Sector 3:         Connectivity, energy efficiency, environment and climate change(indicatively 15% of total budget)

Reforming the energy sector in Armenia has the potential to bolster Armenia’s resilience and economic development as well as protect the environment and reduce dependenceon external energy sources[10].Improved energy efficiency and increased use of renewable energy sources wouldallow Armenia to save up to 4% GDP.The Metsamor nuclear power plant contributes to around one third of total electricity generation in Armenia, however itcannot be upgraded to meet internationally recognised nuclear safety standards and itsclosure and safe decommissioning remains a key objective for the EU.

In the area of transport, investment projects on the TEN-T core network will be prioritised. Armenia has committed to cooperate inan EU-launched study to determine the most optimal investment scenario to improve the core road links between Armenia and Georgia. Road safety also needs improvement, with nearly600 people killed in accidents every year.Furthermore, to ensure effective connections and market development, in March 2017 the negotiations between Armenia and the EU on a Comprehensive Air Transport Agreement have been launched; this is also a potential target for support.

Armenia is still in transition towards a full and competitive market economy and facing environmental challenges that require immediate attention.There is also a need to better integrate environment into all other policy areasand strengthen environmental governance and achieve better public access to environmental information in the policy making process.   Improvements in this field can have a positive spill-over effect on numerous sectors of economy, especially ***agriculture*** and tourism.

Sector 4:         Mobility and people-to-people contacts

(indicatively 15% of total budget)

The EU-Armenia Visa Facilitation and Readmission agreements, in force since 2014,and the Mobility Partnership with the EU are overall effectively implemented. The parties shall continue to promote mobility of citizens through visa facilitation and consider in due course the opening of a visa dialogue, provided that conditions for well-managed and secure mobility are in place.

Development of stronger ties between the labour market and the education system and between the private sector and research should be further enhanced in Armenia to support smart and sustainable economic development. Armenia isa committed member of the Bologna process and is actively engaged in the Erasmus+ ***programme***, but further attention must be paid to the quality of education.

Armenia is also associated to Horizon 2020, the EU’s research and innovation funding ***programme***, with access for Armenia’s research institutes, universities and individual researches to funding, particularly through the SME Instrument.

The regional and multi-country ***programmes*** will continue to provide key complementary support to implement results for citizens in the context of the key areas of cooperation agreed in Riga and the regional multiannual indicative ***plan***.

* Financial overview

The indicative allocation for 2014-2020 is EUR 252,000,000 to EUR 308,000,000.

For the ***programming*** period 2017 - 2020 it is EUR 144,000,000 to EUR 176,000,000.

The indicative breakdown by sector is the following:

|  |  |  |
| --- | --- | --- |
|  | Indicative amounts | Indicative % of total bilateral allocations |
| 1.Economic development and market opportunities | EUR 50,400,000 ? 61,600,000 | 35 % |
| 2.Strengthening institutions and good governance | EUR 21,600,000 ? 26,400,000 | 15 % |
| 3.Connectivity, energy efficiency, environment and climate change | EUR 21,600,000 ? 26,400,000 | 15% |
| 4.Mobility and people-to-people contacts | EUR 21,600,000 ? 26,400,000 | 15 % |
| Complementary support for capacity development/institution building and ***strategic*** communication | EUR 21,600,000 ? 26,400,000 | 15 % |
| Complementary support for civil society development | EUR 7,200,000 ? 8,800,000 | 5 % |

Armenia may also benefit from allocations under the umbrella ***programmes***. Such allocations will be granted on the basis of progress towards deep and sustainable democracy and agreed reform objectives contributing to the attainment of that goal.

Armenia is also eligible for support under a number of other EU instruments, such as the Instrument contributing to Stability and Peace, Humanitarian Aid, the Partnership Instrument, the European Instrument for Democracy and Human Rights, the Instrument for Nuclear Safety Cooperation, Macro-Financial Assistance, Development Co-operation Instrument thematic ***programmes*** and external actions under EU internal ***programmes*** for research and innovation, energy, transport, education and youth, and culture.

* EU support per sector

3.1Economic development and market opportunities (35%)

3.1.1    The following overall and specific objectives will be pursued:

Theoverall objective is enhancing economic resilience and promoting inclusive and sustainable growth.

Specific objectivesinclude:

* further enhance Armenia’s business environment and investment climate;

1. support Small and Medium Sized Enterprises (SMEs) with special emphasis on sectors with high value-added, high growth potential in the regions and in ***agriculture***, while ensuring a level playing field;
2. enhance human capital, including through better links between the education system and the labour market;
3. enhance Armenia's trade links in order to integrate the Armenian ***producers*** into  the international value chains;
4. support structural reforms and economic governance in close cooperation with the IMF and World Bank;
5. support the development of green and circular economy;
6. support the development of innovative digital economyand the harmonization with the EU's Digital Single Market.

3.1.2    The main expectedresults include:

* improved business environment, including fair competition between economic actors; improved financial infrastructure;

1. enhanced access to finance and business advisory services; more balanced and inclusive development of the economy in the regions; increased diversification of the agro-food sector; increased farmer income in selected regions through improved competitiveness and diversification of production;
2. improved skills and competences of work force; improved mechanisms to match labour supply with demand;
3. increased integration of the Armenian economy into regional and international markets, by securing and facilitating trade through simplified trade procedures and enhanced border agency cooperation;
4. strengthened macro-financial stability, public finance management, and budget transparency;
5. improved regulatory framework and enabling environment for transition to a greener and more circular economy;
6. enhancedharmonisation ofArmenia's digital market with the EU's Digital Single Market.

3.1.3    The main indicators are:

* established and functioning public-private dialogue platform;

1. improved score in international rankings for business environment;
2. financial services meeting business needs;
3. affordability of financial services;
4. number of alternative sources of financing for SMEs;
5. number of SMEs benefitting from EU assistance;
6. number of client-oriented business support organisations providing to their SME development services in relations to the global market requirements;
7. number of ***agricultural*** SMEs benefitting from finance; number of banks offering ***agricultural*** credit;
8. reduction of the dominance of exports of the main exported products of agro-food products; increase in the average monthly income of rural households in selected areas;
9. ease of finding skilled employees; rate of employment;
10. percentage of trade with neighbouring countries;
11. GDP growth;
12. number of actions implemented towards circular economies;
13. independence of the telecom regulator; level of harmonisation on eCommerce, eCustoms and eLogistics;
14. well-structured, mapped and interconnected ICT innovation and start-up eco-systems.

3.1.4    Donor coordination andpolicy dialogue

While donor coordination in this sector requires further improvement, the efforts of Armenia cooperation partners have been well coordinated by the Deputy Prime Minister through the development partners’ forum organized on a quarterly basis, and different thematic donor groups (economic development and regional development). The EU Joint analysis conducted in 2016 under Joint ***Programming*** offers a good basis to further support coordination and complementary of stakeholders building on shared recommendations. In particular, at the technical level, donors have agreed on a “joint analysis” in the sector of regional development.

In addition to the EU and its Member States, WB, ADB, USAID, UN are involved in direct support to SMEs and industrial sector development with special emphasis on ***agriculture***, and continue investing in education (especially higher education).

3.1.5    Armenia’sfinancial and policy commitments

The Government ***Program*** adopted in October 2016 contains commitments in support to further improvements in the business environment, promotion of restructuring and development in ***agriculture*** sector and broader support to the SME development in Armenia; investment in education at all levels; labour force mobility and linkages with Armenians abroad, as well as Armenia’s integration to regional and international markets. These themes also feature as priorities in Armenia’s National Development Strategy.

Specific relevant sectorial strategies include the Annual ***Programmes*** on the Improvement of Business Environment; the Annual State ***Programmes*** for SME State Support; Export-Led Industrial Policy; Investment Policy Concept; Strategy of Reform of the Quality Infrastructure; IT Sector Development Concept Note; the E-Governance Strategy ***Plan*** from 2014; the Concept Note on the Digitalization of the Activities of Local Self-Government Bodies in Armenia and the Development of Information Society, also from 2014; Education Development State ***Programme*** (in process of finalizing); the Concept Paper on the Initial Strategy for Formation of the Innovation Economy (2011); the Strategy on the Development of Science in Armenia for 2011-2020; Priorities for Development of Science and Technologies for 2015-2019; Employment Strategy for 2013-2018 and the Armenian Regional Development Strategy adopted in 2016.

Government’s fiscal commitment to support reforms under this priority is reflected in the Medium Term Expenditure Framework (MTEF); 2018-2020 / 2019-2021 / 2020-2022 MTEFs will be of particular relevance. Special attention is to be paid to establishing a unified system for the Government and Development Partners / IFIs on identification, selection, prioritization, and financing of the infrastructure projects.

3.1.6    When needed, the appropriate type of environmental assessment (SEA or EIA) will be carried out according to EU standards. These environmental assessments will be used with a view to ensure approach to implementing EU financing actions in environmentally sustainable and resource efficient way while contributing to sustainable development.

3.1.7    The overall risk assessment of the sector ***intervention*** is:

The main risk to achieving progress vis-à-vis the above-defined objectives is the lack of government commitment to the promotion and coordination of the relevant policy measures especially concerning business environment and fair play. In addition, the limited interest and capacity for involvement of the key stakeholders, such as enterprises, their associations, youth, academia and civil society at large poses a further risk that needs to be controlled in the context of the EU involvement in this priority sector. Moreover, any further regional tensions and conflicts could undermine socio-economic stability in Armenia and therefore also pose a threat to the achievement of the objectives within this priority sector.

The above-mentioned risks need to be carefully monitored. Risk mitigation can include:

* Close cooperation and ongoing policy dialogue with the Government especially on joint priorities to be agreed within the new legal framework between the EU and Armenia, including monitoring of the Government's fiscal commitment;

1. Enhanced cooperation among Armenia’s Development Partners, EU Member States and the EU Delegation to Armenia including through continuous commitment to the Joint Analysis process, regular exchange of information and coordination;
2. Engagementnot only with the government but also with the main target groups – entrepreneurs and their associations, youth groups and academia, civil society organizations. Capacity building support and knowledge transfer to them;
3. Effective use of various aid modalities, such as budget support, twinning, technical assistance, and grants.

3.2Strengthening institutions and good governance, the rule of law and security (15%)

3.2.1    The following overall and specific objectives will be pursued:

Theoverall objective is the improvement of good governance through public administration[11] reforms at central and local levels including evidence-based decision-making, human rights promotion, independent, efficient and predictable judiciary, and fight against corruption.

Specific objectivesinclude:

* support reforms and capacity development in public administration in line with the Principles of Public Administration;

1. support implementation of efficient and democratic structure of administrative-territorial organization;
2. support further strengthening of efficiency and predictability of the judiciary;
3. improve democratic governance, including on elections, and fight against corruption;
4. increase capacity in fighting organised crime, including money laundering and cybercrime;
5. support statistical services to ***produce*** high quality official statistics.

3.2.2    For each of the specific objectives the main expected results are:

* the Principles of Public Administration are implemented in selected areas; services meet the needs of the citizens and are provided in an efficient way including through further advancement of e-solutions;

1. functional and sustainable local government units established through the measures of further consolidation and decentralization; performance and capacity of local government units strengthened;
2. the independence of the judiciary is strengthened; the judicial system becomes more efficient and predictable;
3. functional system of fight against corruption including a system for asset-declaration and for preventing conflict of interest is in place; enhanced protection of human rights;
4. increased capacity to fight organised crime including with effective asset recovery and financial investigation tools; money laundering legislation is effectively implemented, enhanced capacity to fight cybercrime;
5. the availability and quality of official statistics is improved and supports improved policy making and governance; improved and increased usage of official statistics for evidence-based decision-making;
6. enhance transparency of civil society support in Armenia and emphasize accountability towards beneficiaries.

3.2.3    The main indicatorsare:

* extent of compliance with the Principle of Public Administration;

1. citizens satisfaction with service delivery;
2. number of municipalities; judicial independence;
3. backlog of civil and criminal cases;
4. independent anti-corruption institution fully operational;
5. number of asset declarations introduced and verified;
6. number of corruption cases reported; Global Gender Gap Index;
7. number of human rights cases brought to Court and examined within regulated timeframe;
8. track record of convictions for organized crime, trafficking and smuggling offences;
9. level of international police cooperation for fighting against cybercrime.

3.2.4    Donor coordination and policy dialogue

While donor coordination in this sector requires further improvement, the efforts of Development Partners have been well coordinated by the Deputy Prime Minister through the development partners’ forum organized on a quarterly basis, and its development assistance coordination group on democratic governance. The EU Joint analysis conducted in 2016 under Joint ***Programming*** offers a good basis to further support coordination and complementary of stakeholders building on a shared recommendations. In particular, at the technical level, donors have agreed on a “joint analysis” in the sector of public finance management, public administration reform and gender.

Reforms in public administration and service delivery, public financial management, administrative-territorial administration, judiciary as well as anti-corruption efforts are the key areas of the EU involvement in Armenia. Also other major Development Partners present in Armenia continue to support this sector.

Policy Dialogue is also taking place in the framework of the PCA sub-committee and within the steering committee meetings of sectoral budget support ***programmes***.

3.2.5 Armenia’s financial and policy commitments

Specific objectives proposed under this priority are in line with the Government of Armenia policy including the Government ***Program*** adopted in October 2016. Reforms in public administration, including service delivery, based on trusted statistics, and electronic governance, public financial management, justice sector development and anti-corruption are included in the Armenia Development Strategy as priorities. With the adoption of the new Constitution in 2015, Armenia has entered into a new phase of reforms. This reform will lead to significant changes in public administration system with increasing role for the Parliament / Government vis-à-vis that of the President. There is no strategy for institutional reforms in public administration, but there is Civil Service Strategy, E-Governance Strategy, PFM System Reform Strategy 2016-2020, Anti-Corruption Strategy 2015-2018, Open Government Action ***Plan*** 2016-2018, ***Strategic*** ***Programme*** on Legal and Judicial Reforms in Armenia for 2012-2016, the Statistical Law of the National Statistical Service of the Republic of Armenia of 2001 and the ***Programme*** for State Statistical Work for the period 2016-2018. The Concept on Enlargement of Municipalities and Intercommunity Cooperation adopted by the Government in November 2011 foresees gradual enlargement of municipalities through consolidation.

Government’s fiscal commitment to support reforms under this priority will have to be regularly monitored and assessed within the MTEF, and 2018-2020 / 2019-2021 / 2020-2022 MTEFs will be of particular relevance.

3.2.6    When needed, the appropriate type of environmental assessment (SEA or EIA) will be carried according to EU standards out as part of annual ***programming*** of financing actions under this priority sector.

3.2.7    The overall risk assessment of the sector ***intervention*** is:

The main risks to achieving a successful sector ***intervention*** are related to ensuring a consistent government commitment to reforms in public administration, but especially in the judicial sector, fighting corruption and promoting human rights as well as the lack of resources for modernising the statistical service and the statistical system of Armenia. Political will to ensure transparent, open and truly inclusive decision-making represents another risk area. Overall, any further regional tensions and conflict could undermine socio-economic stability in Armenia and therefore also pose a risk on achievement of objectives within this priority sector.

Risk mitigation can include policy dialogue with the Government, including monitoring of the Government's fiscal commitment, and close coordination among the Development Partners and other stakeholders. Particular risk mitigating factor could be enhanced support to cross-cutting measures (civil society capacity development; promotion of gender equality; addressing corruption risks; engaging with youth; involving Diaspora; and ensuring ***strategic*** communication of the EU role and support).

3.3Connectivity, energy efficiency, environment and climate change (15%)

3.3.1    The following overall and specific objectives will be pursued:

Theoverall objectiveis to support development of the transport, energy and environment sectors through the enhancement of sectoral governance and policies, regional connectivity, energy efficiency,use of renewable energy, and environment and climate action policy.

Specific objectivesinclude:

* improve sectoralgovernance in transport and energy (including nuclear safety);

1. improve energy efficiency and usage of renewable energysources;
2. prioritise infrastructure investment in line with the extended core TEN-T;
3. develop the potential of the aviation sector (Open Skies Policy);
4. enhance environmental protection and resilience.

3.3.2    For each of the specific objectives the main expected results are:

* institutional structure informing the Government investment ***planning*** fully operational; improved road safety; improved energy sector governance; implementation of the Stress Tests nuclear safety upgrades,early adoption of a roadmap for the closure and safe decommissioning of Medsamor nuclear power plant;

1. enhancedenergy efficiency; increased share of energyfrom renewable sources in the energy mix;
2. improved infrastructure taking into account the extended core TEN-T;
3. improved accessibility of Armenia;
4. enhancedenvironmental governance; enhanced support to green growth; improved waste management; improvedwater and wastewater management.

3.3.3    The main indicatorsare:

* number of fatalities due to road accidents reduced;

1. energy data management system established and  functioning at the central and local levels;
2. standards and instruments for measuring energy efficiency projects of buildings are in place and applied;
3. share of renewable energy sources in total power generation;
4. increased number of passengers flying to and from Armenia;
5. improved on-line access to data and state of the environment analysis;
6. percentage of cost savings realised by enterprises due to cleaner production;
7. number of inhabitants covered by waste/separate waste collection;
8. number of inhabitants connected to main potable water and wastewater systems.

3.3.4    Donor coordination and policy dialogue

While donor coordination in this sector requires further improvement, the efforts of Armenia cooperation partners have been well coordinated through the transport and energy thematic donor groups gathering International Financial Institutions present in Armenia and the EU Delegation, which is also providing targeted technical assistance including on prioritization of the investment pipeline.Other opportunities of cooperation with IFIs could be explored by means of increased coordination making use of blending, e.g in the areas of SME support, transport and energy / energy efficiency.

3.3.5    Armenia’sfinancial and policy commitments

Specific objectives proposed under this priority are in line with the Government policy, including the Government ***Program*** adopted in October 2016. It emphasizes energy independence and advancing of renewable energy as well as promotion of energy efficiency measures and energy inter-connectivity with other countries of the region.

Government’s fiscal commitment to support reforms under this priority is reflected in the MTEF;the 2018-2020 / 2019-2021 / 2020-2022 MTEFs will be of particular relevance.

3.3.6    When needed, the appropriate type of environmental assessment (SEA or EIA) will be carried out according to EU standards as part of annual ***programming*** of financing actions under this priority sector.

3.3.7    The overall risk assessment of the sector ***intervention*** is:

In this investment intensive sector, the main risks are linked to governance, in particular the strategy and prioritization of investments. As the borrowing capacity of the Government of Armenia is limited (reduced fiscal space), it is of high importance to focus on investments that generate sustainable growth and that leverage private sector involvement through transparent and competitive Public Private Partnerships. The effort to ensure optimal regional integration both for transport (TEN-T) and energy corridors is also critical to optimize investments. In Energy, a major risk or missed opportunity would be to underinvest in energy efficiency and renewables, whereas in transport a key risk could be to build infrastructures that do not integrate well into the agreed indicative TEN-T network.

3.4Mobility and people-to-people contacts (15%)

3.4.1    The following overall and specific objectives will be pursued:

Theoverall objective is to facilitate movement of people,diversify professional cross-regional networks as well as empower the young generation. In addition, create better links between research and innovationactors and the business community, and between education and the labour market.

Specific objectivesinclude:

* support to the Mobility Partnership and the future potential visa liberalisation dialogue;

1. improve border management system;
2. modernise the education system, improve skills and competences development and support enhancing Vocational Education and Training;
3. supportto innovation development.

3.4.2    For each of the specific objectives the main expected results are:

* gradual implementation of the visa liberalisation benchmarks based on a visa liberalisation Action ***Plan*** and continued implementation of the Mobility Partnership;

1. enhanced mobility through integrated border management;
2. strengthened quality of vocational education and training; enhanced employability of graduates;
3. enhanced research, innovation and commercialisation; improved research and innovation ecosystem.

3.4.3    The main indicatorsare:

* track record of implementation of EU-Armenia Visa Facilitation and Readmission Agreements, including number of reintegrated migrants maintained;

1. continued implementation of the Mobility Partnership;
2. modernised border crossing points in Meghri;
3. proportion of population having completed at least upper secondary educations;
4. percentage of VET graduated in employment or further study after 6 months of graduation;
5. number of Armenian institutions or companies participating in Horizon 2020;
6. smart specialisation strategies identifying key priorities for economic modernisation developed.

3.4.4    Donor coordination and policy dialogue

The EU-Armenia Visa facilitation and Readmission agreements came into force in January 2014. The CEPA stipulates that the parties shall continue to promote mobility of citizens through visa facilitation and consider in due course the opening of a visa dialogue provided the condition for well managed and secure mobility are in place. European Union has been strongly engaged in the reforms in a number of areas such as Justice, Migration and Border management. The EU4Innovation initiative in the Eastern Partnership looks to consolidate EU support in the area of innovation.

While donor coordination in this sector requires further improvement, the efforts of Armenia cooperation partners have been well coordinated by the Deputy Prime Minister through the development partners’ forum organized on a quarterly basis, and different thematic donor groups (social services; migration and asylum management; and gender). The EU Joint analysis conducted in 2016 under Joint ***Programming*** offers a good basis to further support coordination and complementary of stakeholders building on a shared recommendations. In particular, at the technical level, donors have agreed on a “joint analysis” in the sector of migration and border management.

3.4.5    Armenia’sfinancial and policy commitments

The Armenian Ministry of Foreign Affairs, as the national co-ordinator for this process, has done a preliminary analysis of requirements in the area of Visa Liberalisation. This analysis will be used to start addressing the requirements as soon as the Commission elaborates the Action ***Plan*** upon request from the EU Member States and presents it to Armenia. Thus, in the mid-term perspective, government priorities are likely to be influenced by the possible advent of the Visa Liberalisation Action ***Plan***.

Armenia will have to fulfil a number of requirements in the fields of document security, illegal migration, public order and security (including anti-corruption, money laundering, international legal cooperation, and data protection) and fundamental human rights.

3.4.6    When needed, the appropriate type of environmental assessment (SEA or EIA) will be carried outaccording to EU standards as part of annual ***programming*** of financing actions under this priority sector.

3.4.7    The overall risk assessment of the sector ***intervention*** is:

The main risk to achieving progress vis-à-vis the above-defined objectives is the lack of government commitment to promotion and coordination of the relevant policy measures and criteria,especially regardingthe future potential Visa Liberation Dialogue. This risk will be mitigated through policy dialogue, including monitoring of the Government's fiscal commitment.

3.5 Complementary support for capacity development and institution building (indicative 15% of total budget)

Capacity development and institution building measures will be integrated into sector reforms where necessary. In addition to sector-related assistance, this complementary provision for capacity development and institution building activities will address the implementation of priority commitments deriving from EU agreements or emerging challenges that are not covered under the three principal priority sectors.

Capacity development and institution building activities – either through sector-related assistance or from this complementary provision – may also address participation in EU ***programmes*** and in the work of EU agencies.Furthermore, the complementary provision will participate to foster communication on EU policies and activities in Armenia.

    3.6 Measures in favour of civil society (indicative 5% of total budget)

In addition to sector specific support additional measures to support civil society will be made available under this complementary envelope. Funding from this component will be geared towards strengthening the role of civil society in policy processes and accountability systems in other sectors than the priority sectors. This can include measures aiming to strengthen the CSOs’ overall organisational capacity, to improve CSOs’ financial sustainability through diversification of funds and capacity building, to promote purposeful and effective interaction between CSOs and other stakeholders, and to improve CSOs’ performance in terms of service provision and engagement with beneficiaries.

Actions supported through this envelope are meant to address a broader range of civil society actors, including by reaching out to smaller and newer organisations particularly outside the capital city, or working on confidence- and peace-building activities in conflict and post-conflict situations. Pursuing tangible results for citizens, support to develop technical knowledge and expertise will go hand in hand with efforts to capitalise on the added value of civil society work.

* Complementary support for capacity development/institution building and ***strategic*** communication (indicatively 15% of total budget)

The complementary provision for capacity development and institution building activities will address the implementation of priority commitments deriving from agreements with the EU or other emerging needs. Such measures will explicitly support sector reforms with a focus on government challenges.Funding under this heading may also facilitate participation in EU ***programmes*** and in the work of EU agencies.

Furthermore, through this complementary support communication on EU policies and assistance will be fostered, with a focus on effective communicationwith various audiences and on reducing the risk of fragmented communication. Support will also be provided to the emergence and consolidation of sustainable independent media.

* Complementary support to civil society (indicatively 5% of total budget)

In addition to sector specific support, measures to support civil society will be made available. These will be geared towards promoting the development of social enterprises, and strengthening the role of civil society in contributing to and monitoring implementation of policy processes and accountability systems in sectors other than the priority sectors, including on confidence- and peace-building activities in conflict and post-conflict situations.This can include measures aiming to strengthen the CSOs’ overall organisational capacity, to improve CSOs’ financial sustainability through diversification of funds and capacity building, to promote purposeful and effective interaction between CSOs and other stakeholders, and to improve CSOs’ performance in terms of service provision and engagement with beneficiaries.

* Complementary and reinforced support at regional level

The regional and multi-country ***programmes*** will continue to provide key complementary support to implement results to citizens in the context of the EaP priorities set in Riga and the regional multi-annual indicative ***plan***. With regards to strengthening market opportunities, support will continue under the EU4Business Initiative the EU4Business Initiative to strengthen the business friendly regulatory environment, as well as EU4Digital, which will provide support to strengthening the digital economy within and across the region. It also includes complementary ***programmes*** in the area of governance targeting specific needs from the security sector to the rule of law. Support to strengthening the international and regional connectivity agenda including on transport in line with the TEN-T network, energy and climate change and the environment will be provided both through relevant regional ***programmes*** (i.e EU4Energy) as well as the Neighbourhood Investments Facility. Similarly, EU4Youth as well as continued ***programmes*** such as Erasmus+ will continue to benefit the mobility and people to people contacts.

Attachments

* Sector of ***intervention*** framework and performance indicators (see template in annex)

* Indicative timetable for commitment of funds (see template in annex)

Attachment 1.   Sector of ***intervention*** framework

Sector 1:         Economic development and market opportunities

Specific objective 1:    Further enhance Armenia’s business environment and investment climate

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| --- | --- | --- |
| Expected Outcomes | Indicators | Means of verification |
| a) Improved business environment including fair competition between economic actors | 1) WB Doing Business ranking (baseline 2017: 38 out of 189) 2) SME Policy Index: (1) regulatory framework for SMEs, (2) operational environment for SMEs and (3) support services to SMEs and start-ups, baseline 2015: (1) 3.38, (2) 4.05, (3) 3.93 3) Established and functioning public-private dialogue platform (\*)[12] 4) Industrial production Index (NACE Rev. 2) (2010=100) ? 143.1 (2015) | WB Doing Business,   OECD SBA assessment Report,   Government accountability report   ESTAT |
| b) Improved financial infrastructure | 1) Financial services meeting business needs (Global Competitiveness Report, baseline 2016-2017: 99 out of 138) 2) Affordability of financial services (Global Competitiveness Report, baseline 2016-2017: 87 out of 138) 3) Number of alternative sources financing for SMEs (\*) | Government accountability report,   Reports of the Central Bank,   SME Survey Global Competitiveness Report |
| Specific objective 2: Support SMEs with special emphasis on sectors with high value-added, high growth potential in the regions and in ***agriculture***, while ensuring a level playing field |  |  |
| Expected Results | Indicators | Means of verification |
| a) Enhanced access to finance and business advisory services | 1) Number of SMEs benefitting from EU assistance (\*) 2) Number of client-oriented business support organisations providing to their SME members with business development services in relation to the global market requirements 3) Contribution to GDP (baseline 2012: 40%) 4) Economic complexity index 5) Number of ***agricultural*** SMEs benefiting from finance 6) Number of banks offering ***agricultural*** credit | National Statistics,   Government accountability report, Atlas of Economic Complexity |
| b) More balanced and inclusive development of the economy in the regions | 1) Regional share in Armenia GDP in the region 2) Implementation of regional development strategies through projects | National Statistics |
| c) Increased diversification of the agro-food sector | Reduction of the dominance of exports of the main exported products in relation to overall exports of agro-food products | National statistics |
| d) Increased farmer income in selected regions through improved competitiveness and diversification of production | Increase in the average monthly income of rural households in selected areas | National statistics |
| Specific objective 3: Enhance human capital, including through  better links between the education system and the labour market |  |  |
| Expected Results | Indicators | Means of verification |
| a) Improved skills and competences of work force | 1) Ease of finding skilled employees? male and female | Global Competitiveness Report |
| b) Improved mechanisms to match labour supply with demand | 1) Rate of employment (baseline 2015: 50,9%) 2) Rate of economically active population (baseline 2015: 62,5%)? male and female 3)Labour Market Information System (LMIS) accessibility to providers of education, social partners and wider population (\*) 4) Satisfaction rate of the LMIS direct users (\*) 5) Economic Activity Rate (15-64) % ? 65.1 (2015) ? males and females | ESTAT |

|  |  |  |
| --- | --- | --- |
| Specific objective 4: Enhance the links of Armenia?s production and trade potential to the value chains of regional and international markets |  |  |
| Expected Results | Indicators | Means of verification |
| a) Increased integration of Armenian trade into regional and international markets | 1) Index of Export market penetration 2) Volume of exported goods (baseline 2015: 1,487 mil USD) 3) Percentage of trade with neighbouring countries (12% 2016) | WB report WITS,   National statistics |
| Specific objective 5: Support structural reforms and economic governance in close cooperation with the IMF and World Bank |  |  |
| Expected Results | Indicators | Means of verification |
| a) Strengthened macro-financial stability, public finance management, and budget transparency | 1) GDP growth (baseline 2016: 2.4) 2) Public and publicly guaranteed debt (baseline 2016: 54.7% of GDP) 3) Current account balance (percent of GDP, negative 2.9) 4) Score of PEFA report (Public Expenditure and Financial Accountability) 5) World Bank Budget Transparency Index | National statistics,   IMF and WB reports |
| Specific objective 6: Support the development of green and circular economy |  |  |
| Expected Results | Indicators | Means of verification |
| a) Improved regulatory framework and enabling environment for transition to circular economy | 1) Number of actions implemented towards circular economy | Reports |
| Specific objective 7: Support the development of innovative digital economy and the harmonisation with the EU's Digital Single Market |  |  |
| a) Enhanced harmonization of Armenia?s digital markets with the EU's Digital Single Market | 1) Independence of the telecom regulator; progress in spectrum coordination and roaming pricing harmonisation; 2) Pilot for cross-border eSignature and cross-border eServices for businesses; establishment of a CERT - Computer Emergency Response Team; 3) Level of harmonisation on eCommerce, eCustoms and eLogistics legislation; pilot for cross-border eTrade; 4) National coalition for digital skills and jobs in place; 5) Well-structured, mapped and interconnected  ICT innovation and startup ecosystems; 6) Level of harmonisation in eHealth legislation; pilot for cross-border eHealth. | European Commission, DG CONNECT, DG NEAR Relevant AM ministries, agencies EaP Panel on Harmonisation of Digital Markets EU4Digital Implementation Monitoring Reports Studies, national AM statistics. |

Sector 2:         Strengthening institutions and good governance

Specific objective 1:    Support reforms and capacity development in public administration in line with the Principles of Public Administration

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| --- | --- | --- | --- |
| Expected Results | Indicators | Means of verification |  |
| a)The Principles of Public Administration are implemented in selected areas | 1) Extent of compliance with the Principles of Public Administration 2) Government effectiveness (baseline 2015: 49 percentile rank) 3) Regulatory quality (baseline 2015: 61 percentile rank) | Assessment Report   World Bank Worldwide Governance Indicators report SIGMA inputs |  |
| b) Services meet the needs of the citizens and are provided in an efficient way including through further advancement of e-solutions | 1) Citizen satisfaction with service delivery | Armenia country survey |  |
| Specific objective 2: Support implementation of efficient and democratic structure of administrative-territorial organization |  |  |  |
| Expected Results | Indicators | Means of verification |  |
| a) Functional and sustainable local government units established through the measures of further consolidation and decentralization | 1) Number of municipalities 2) Number of decentralized functions | National Statistics |  |
| b) Performance and capacity of local government units strengthened | 1) Local Democratic Governance (baseline 2016: 5,75 out of 7) | Freedom House, Nations in Transit Report |  |
| Specific objective 3: Support further strengthening of efficiency and predictability of the judiciary |  |  |  |
| Expected Results | Indicators | Means of verification |  |
| a) The independence of the judiciary is strengthened | 1) Judicial Independence (baseline 2016-17: 101 out of 138) | Global Competitiveness Report Peer Review Mission Report |  |
| b)The judicial system becomes more efficient and predictable | 1) Backlog of civil and criminal cases (\*) 2) Case disposition time (\*) | Government accountability Report Peer Review Mission Report |  |
| Specific objective 4:Improve democratic governance and fight against corruption |  |  |  |
| Expected Results | Indicators | Means of verification |  |
| a)Functional system to fight against corruption including asset-declaration and mechanism to prevent conflict of interest in place | 1) Independent anti-corruption institution fully operational (\*) 2) Worldwide governance indicator and TI Corruption Perception Index (baseline 2015: 35 out of 100) 3) Continued implementation of OECD-ACN and GRECO recommendations (3rd-4th monitoring rounds), including in relation to business integrity and public procurement. 4) Number of asset declarations introduced and verified 5) Number of corruption cases reported, disaggregated by source (State or non-State actors), as well as number of investigations and convictions of these cases. 6) Asset Recovery Office in place with track record for identification, freezing, management and confiscation of unjustified wealth (number of cases and value). | Government accountability report   Worldwide Governance Indicator and Transparency International report   GRECO and OECD Anticorruption network (Istanbul Anti- Corruption action ***Plan***) reports   Justice, Freedom and Security sub-committee meetings   Reports by the Police and Anti-Corruption Council |  |
| b) Enhanced protection of human rights | 1) Global Gender Gap Index (baseline 2015: 102 out of 144) 2) Number of implemented recommendations of Universal Periodic Review 3) Number of Human Rights cases brought to Court and examined within regulated timeframe 4) Number of judgements taken to the European Court of Human Rights | World Economic Forum Report,   UN/Council of Europe/OSCE/EU reports,   Reports by international and national watchdog CSOs and Ombudsman,   Ministry of Justice Reports |  |
| Specific objective 5: Increase capacity in fighting organised crime, including money laundering and cybercrime |  |  |  |
| a) Increased capacity to fight organised crime including with effective asset recovery and financial investigation systems | 1) Track record of convictions for organized crime, trafficking,  and smuggling offences | Justice, Freedom and Security Sub-committee meetings Police Reports |  |
| b) Money laundering legislation is effectively implemented | 1) Number of investigations and convictions of money-laundering cases. | MONEYVAL Reports FATF monitoring reports Reporting by the Office of the Prosecutor General |  |
| c) Enhanced capacity to fight cybercrime | 1) Level of international Police Cooperation for fighting cyber crime 2) National Cybersecurity Strategy and/or Action ***Plan*** developed and implemented. 3) Level of implementation Convention on Cybercrime of the Council of Europe (Budapest Convention) | Government Reports   Police reports/National Security Service Reports   Council of Europe reports |  |
| Specific objective 6: Support statistical services to ***produce*** high quality official statistics |  |  |  |
| Expected Results | Indicators | Means of verification |  |
| The availability and quality of official statistics is improved and supports improved policy making and governance; improved and increased usage of official statistics for evidence-based decision-making | More statistical indicators ***produced*** by the Statistical Office of Armenia in 2020 than in 2017 | National statistics on the web site of the National Statistical Institute or in publications in the period 2017-2020 |  |
|  |  |  |  |

Sector 3:         Connectivity, energy efficiency, environment and climate change

Specific objective 1: Improve governance of the transport and energy sectors

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| --- | --- | --- |
| Expected Results | Indicators | Means of verification |
| 1) Institutional structure informing the Government investment ***planning*** fully operational. | 1) Prioritized infrastructure investment ***plan*** approved and implemented by the Government | Government accountability report |
| 2)Improved road safety | 1) Number of fatalities due to road accidents reduced (\*) 2) National road safety action ***plans*** adopted and national road safety agencies/platforms established (\*) 3) Road design standards in line with EU standards and vehicle technical inspection services operational according to EU standards (\*) |  |
| 3) Improved energy sector governance (including in nuclear safety) | 1) Energy data management system established and functioning at the central and local levels  (\*) 2) Armenian energy market, sustainable energy and nuclear safety rules harmonized with the EU rules (\*) 3) Standards and instruments for measuring energy efficiency performance and implementing energy efficiency projects of buildings are in place and applied (\*) 4) Stress Tests nuclear safety upgrades implemented, roadmap for the closure and safe decommissioning of Medsamor nuclear power plantadopted. | Government accountability report |
| Specific objective 2: Improve energy efficiency and usage of renewable energy |  |  |
| Expected Results | Indicators | Means of verification |
| a) Improved energy efficiency | 1) Energy intensity 2) All Energy products net imports (Thousand TOE) ? 2040 (2013) | National Statistics   ESTAT |
| b) Increased share of renewable energy | 1) Share of renewable energy sources in total power generation | National Statistics |
| Specific objective 3: Prioritise infrastructure investment in line with the extended core TEN-T |  |  |
| Expected Results | Indicators | Means of verification |
| a) Improved infrastructure taking into account the extended core TEN-T | 1) Logistics Performance Index (baseline 2016 ? 141 out of 160) | World Bank report |
| Specific objective 4: Develop the potential of the aviation sector (Open Skies Policy) |  |  |
| Expected Results | Indicators | Means of verification |
| a) Improved accessibility of Armenia | 1) Increased number of passengers flying to and from Armenia 2) Finalisation of Common Aviation Area Agreement with the EU (\*) 3) Liberalisation of aviation fuel market | Government accountability report |
| Specific objective 5: Enhance environmental protection and resilience |  |  |
| Expected Results | Indicators | Means of verification |
| a) enhanced environmental governance | 1) Improved on-line access to data and state of the environment analysis (\*) 2) Environmental considerations are effectively integrated into other sectorial legislation, ***planning*** and laws. | Government accountability report |
| b) Enhanced support to green growth | 1) Number of SMEs trained (\*) 2) % of cost savings realised by enterprises due to cleaner production (\*) | Government accountability report |
| c) Improved waste management | 1) The share of waste recycled 2) Number of inhabitants covered by waste/separate waste collection 3) Total greenhouse gas emission (CO2 equivalent (1990=100) ? 39.4 (2012) 3) Municipal waste collected (Kg/person/year) ? 200.4 (2014) | National statistics   ESTAT |
| d) Improved water and wastewater management | 1) Number of water supply networks and systems improved 2) Number of inhabitants connected to main potable water and wastewater systems 3) Improved water monitoring | National statistics |

Sector 4: Mobility and people-to-people contacts

Specific objective 1: Support to the Mobility Partnership and thefuture potential Visa Liberalisation dialogue

|  |  |  |
| --- | --- | --- |
| Expected Results | Indicators | Means of verification |
| a) Gradual implementation of the Visa Liberalisation benchmarks based on a Visa Liberalisation Action ***Plan*** and continued implementation of the Mobility Partnership | 1) Track record of implementation of EU-Armenia Visa Facilitation and Readmission Agreements including number of reintegrated migrants maintained 2) Track record of asylum requests in the EU 3) Number of Visa Liberalization criteria met (\*) 4) Continued implementation of  the Mobility Partnership | Assessment report |
| Specific objective 2: Improve border management system |  |  |
| Expected Results | Indicators | Means of verification |
| a) Enhanced mobility through implementation of integrated border management | 1) Regional trade flows 2) Modernised Border Crossing points in Meghri (\*) | Government accountability report, national statistics |
| Specific objective 3: Modernise the education system, improve skills and competences development and support enhancing Vocational Education and Training |  |  |
| Expected Results | Indicators | Means of verification |
| a)Strengthened quality of vocational education and training       b) enhanced employability of graduates | 1) Increased number of graduates (\*) Proportion of the population aged 20-24 having completed at least upper secondary education (%) ? 72.2 (2015) ? males and females disaggregated data available 2) Percentage of VET graduates in employment or further study after 6 months of graduation (\*) 3)Percentage of graduates finding employment within 6 months after graduation 4) Rate of employment of young people | Government report |
| Specific objective 4: Support to innovation development |  |  |
| Expected Results | Indicators | Means of verification |
| a) Enhanced research, innovation and commercialization | 1) Number of Armenian institutions or companies participating in H2020 (\*) 2) Smart specialization strategies identifying key priorities for economic modernisation developed 3) Innovation cluster established (\*) 4) Number of University and Industry Collaboration in Research and Development (baseline 2016-2017 ? 92 out of 138) | Global Competitiveness Report |
| b) Improved research and innovation ecosystem | 1) Number of recommendations implemented from EU peer review |  |

Attachment 2.      Indicative timetable for commitments

|  |  |
| --- | --- |
|  | Indicative allocation |
| 2017-2020 |  |
| SECTOR OF ***INTERVENTION*** 1 - Economic development and market opportunities | ?50.4 million ? ?61.6 million |
| SECTOR OF ***INTERVENTION*** 2 - Strengthening institutions and good governance | ?21.6 million ? ?26.4 million |
| SECTOR OF ***INTERVENTION*** 3 - Connectivity, energy efficiency, environment and climate change | ?21.6million ? ?26.4million |
| SECTOR OF ***INTERVENTION*** 4 - Mobility and people-to-people | ?21.6million ? ?26.4million |
| Complementary support for capacity development/ institution building and ***strategic*** communication | ?21.6million ? ?26.4million |
| Complementary support in favour of civil society | ?7.2 million ? ?8.8 million |
| Total Commitments | ?144 million - ?176 million |

[1][*http://www.imf.org/en/Publications/WEO/Issues/2017/04/04/world-economic-outlook-april-2017*](http://www.imf.org/en/Publications/WEO/Issues/2017/04/04/world-economic-outlook-april-2017)

[2] 2016 – Statistical Yearbook of Armenia, NSS.

[3][*http://www.imf.org/en/Publications/WEO/Issues/2017/04/04/world-economic-outlook-april-2017*](http://www.imf.org/en/Publications/WEO/Issues/2017/04/04/world-economic-outlook-april-2017)

[4] [*https://www.cba.am/en/sitepages/statexternalsector.aspx*](https://www.cba.am/en/sitepages/statexternalsector.aspx)

[5]National Statistical Service.

[6] The ENP review highlighted the stabilisation of neighbouring countries as an important political priority, to be achieved through support to good governance, democracy, human rights and rule of law, economic governance, as well as cooperation on security and on migration and mobility.

[7] European Commission/HRVP – Joint Staff Working Document of 9June 2016 'Eastern Partnership - 20 Deliverables for 2020 Focusing on key priorities and tangible results' – SWD(2017) 300 final

[8] The EU Joint Analysis was concluded in October 2016 by the EU Member States present in Armenia endorsing the Joint Analysis report including review of 23 sectors.

[9] The EU Joint analysis was concluded in October 2016 by the EU Member States present in Armenia endorsing the Joint Analysis report including review of 23 sectors.

[10]In 2012 energy imports amounted to 90% of the total of 3.377 Mtoe primary energy supplied. Source: EU Joint Analysis Report, December 2016

[11]In line with the OECD/SIGMA Principles of Public Administration.

(\*) Deliverable from the Joint Staff Working document,Easter Partnership – Focusing on Key Priorities and Deliverables 2020

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[***-UrtheCast and SIIS sign agreement for the global distribution of their respective portfolios***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R8K-BT11-F0K1-N1S7-00000-00&context=1516831)

ENP Newswire

December 27, 2017 Wednesday

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**Length:** 1396 words

**Body**

MADRID - UrtheCast Corp. and its subsidiary, the Earth Observation company Deimos Imaging, today announced the signing of an agreement with SI Imaging Services ('SIIS'), a leading provider of remote sensing satellite data and exclusive worldwide marketing and sales representative of the KOMPSAT series, for the mutual global distribution of their respective product portfolios.

The space assets of Deimos Imaging and SIIS include Deimos-1, Deimos-2 and the KOMPSAT series KOMPSAT-2, KOMPSAT-3, KOMPSAT-3A and KOMPSAT-5, resulting in a wide portfolio of X-band SAR and optical data in a wide range of resolutions, from 22 m to 0.4 m per pixel.

The combination of radar with very high-resolution optical imagery will allow observation of the Earth day and night, regardless of weather conditions, and is intended to provide a constant asset monitoring service. This is key for a wide range of applications, especially those requiring frequent monitoring over the same area of interest and real-time response, such as emergency services, border and maritime surveillance and defence and security.

Additionally, this collaboration is expected to provide customers with an exceptional level of decision making data, and to create a unique and crucial benefit for users in various sectors while strengthening the positions of both companies in their respective markets.

'We are delighted to be an authorized distributor for Deimos Imaging,' said Mr. Wookhyun Choi, Vice President at SIIS. 'This is a great opportunity to broaden our reach and widen our geospatial data distribution options, as we are introducing Deimos Imaging's imagery to our resellers while presenting KOMPSAT to their networks. This will allow us to provide our customers with more precise answers to their needs.'

'We are very pleased to be partnering with SIIS as this collaboration supports and strengthens our data strategy to meet a growing range of customer needs by providing them with fast, customized and ready-to-use solutions', said Fabrizio Pirondini, CEO at Deimos Imaging. 'This agreement confirms the importance of partnerships and alliances with other stakeholders to significantly accelerate decision making in a great variety of fields. In addition, this joint service increases our portfolio of sensors and our market reach with new geo-intelligence products thanks to the combination of SAR and very high resolution optical data.'

The assets of SIIS now combine with the recent ***strategic*** partners aligned with Deimos Imaging, resulting in a multi satellite, multi resolution virtual constellation, to deliver imagery services and geo-analytic applications to customers globally. These strong partnerships are designed as 'win-win' to secure the success and sustainability of all the partners involved in the ever developing and growing Earth Observation industry.

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About SI Imaging Services (SIIS)

SI Imaging Services (SIIS) is the exclusive worldwide marketing and sales representative of KOMPSAT series KOMPSAT-2, KOMPSAT-3, KOMPSAT-3A and KOMPSAT-5.

The KOMPSAT (Korean Multi-Purpose Satellite) ***program*** is a part of Korean government's space development ***program***, which aims at providing very high-resolution satellite imagery to national and international remote sensing society.

SIIS contributes Remote Sensing and Earth observation industries societies by providing very high resolution optical and SAR images through over 90 sales partners worldwide.

Customers from industries as well as government and international agencies are using KOMPSAT imagery for their missions and researches and achieve good results in several remote sensing applications such as mapping, ***agriculture***, disaster management, and so on. SIIS started its business as a satellite image and service provider and extended its business to KOMPSAT operation.

About UrtheCast

UrtheCast Corp. is a Vancouver-based technology company that serves the rapidly evolving geospatial and geoanalytics markets with a wide range of information-rich products and services. The Company operates Earth Observation (EO) sensors in space, through its subsidiary Deimos Imaging, including two satellites, Deimos-1 and Deimos-2, to ***produce*** imagery data for partners and customers in multiple markets. UrtheCast processes and distributes imagery data and value-added products on behalf of the PanGeo Alliance, a network of seven satellite operators with a combined 13 medium- and high-resolution EO sensors. Additionally, UrtheCast is developing and expects to launch the world's first fully-integrated constellation of sixteen multispectral optical and SAR satellites, called OptiSAR, and a satellite constellation designed to capture high-quality, medium- resolution optical imagery of the Earth's entire landmass (excluding Antarctica) every day, called UrtheDaily. Common shares of UrtheCast trade on the Toronto Stock Exchange as ticker 'UR'.

Forward Looking Information

This release may contain certain 'forward-looking statements' and certain 'forward-looking information' as defined under applicable Canadian securities laws. Forward-looking statements and information can generally be identified by the use of forward-looking terminology such as 'may', 'will', 'expect', 'intend', 'estimate', 'anticipate', 'believe', 'continue', '***plans***' or similar terminology. Within this release forward-looking statements may include, without limitation, statements with respect to UrtheCast's future ***plans***, strategies and objectives, timing of milestones, including in respect of the ***planned*** OptiSAR and UrtheDaily satellite constellations; the potential precursor ***program*** to the OptiSARTM Constellation; SIIS' ***plans***; projected revenues, future trends, opportunities and growth in UrtheCast's industry; UrtheCast's ability to maintain and enhance its competitive advantages within its industry and in certain markets; new product functionality and suitability; projected operating expenses and capital expenditures. Forward-looking statements and information are subject to various known and unknown risks and uncertainties, many of which are beyond the ability of the Company to control or predict, that may cause the Company's actual results, performance, timing, milestones or achievements to be materially different from those expressed or implied thereby, and are developed based on assumptions about such risks, uncertainties and other factors set out herein, including, without limitation, any delays or failures in the design, development, construction, launch and operational commissioning of the proposed UrtheDailyTM and OptiSAR constellations; the Company being unable to adequately finance the development, building, launch and commission of the UrtheDailyTM and OptiSAR constellations, uncertainty on whether any unused capacity from the precursor SAR satellite will be available to UrtheCast; interruptions to or failures of UrtheCast's or SIIS' infrastructure; legal and regulatory changes or the prevention of the export of certain technologies related to the OptiSARTM Constellation by government regulators with jurisdiction over UrtheCast; the ability of UrtheCast to obtain qualified employees, contractors and subcontractors, as well as those factors and assumptions discussed in UrtheCast's annual information form dated March 27, 2017, (the 'AIF'), which is available under UrtheCast's SEDAR profile at [*www.sedar.com*](http://www.sedar.com). Forward-looking information is developed based on assumptions about such risks, uncertainties and other factors set out herein, in the AIF, and as disclosed from time to time on UrtheCast's SEDAR profile. UrtheCast undertakes no obligation to update forward-looking statements except as required by Canadian securities laws. Readers are cautioned against attributing undue certainty to forward-looking statements. The Company undertakes no obligation to update forward-looking information except as required by applicable law. Such forward-looking information represents management's best judgment based on information currently available. No forward-looking statement can be guaranteed and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information.

[Editorial queries for this story should be sent to [*newswire@enpublishing.co.uk*](mailto:newswire@enpublishing.co.uk) ]

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[***Smithfield Foods Completes Acquisition of Pini Group's Packaged Meats Companies***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5NP0-PMJ1-JDPT-Y3WM-00000-00&context=1516831)

Hugin - English

June 1, 2017 Thursday 2:00 PM GMT

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**Section:** Non-Regulatory

**Length:** 527 words

**Body**

SMITHFIELD, Va., June 01, 2017 (GLOBE NEWSWIRE) -- Today, Smithfield Foods, Inc.

announced the completion of its acquisition of Pini Group's packaged meats

companies in Poland. These companies will be operated by Animex Foods, one of

the largest food ***producers*** in Poland and part of Smithfield Poland, which is

owned by Smithfield Foods. The acquisition includes Pini Polska, a meat

processing and packaging plant; Hamburger Pini, a case ready meat plant; and

Royal Chicken, an investment project currently in development.

"This acquisition aligns with Smithfield's ***strategic*** growth ***plans*** by

strengthening our vertically-integrated supply chain in Poland and increasing

our production of high-quality packaged meats products. It also capitalizes on

existing opportunities for us to expand in areas with very attractive market

dynamics and to develop scale over time," said Kenneth M. Sullivan, president

and chief executive officer of Smithfield Foods. "This is a win-win for

Smithfield, as well as Poland's ***agricultural*** industry. This move will help the

Polish meat industry become more competitive across European and international

markets."

Smithfield Poland will now employ nearly 9,240 people, including approximately

240 former Pini employees, which will solidify the company's position as the

largest employer in the Polish food industry.

The closing followed approval from the Office of Competition and Consumer

Protection (UOKiK) in Poland and completion of due diligence. As per the

agreement, transaction details such as purchase price and terms will not be

disclosed.

About Smithfield Poland

Smithfield Poland operates Polish food companies including Animex Foods, Agri

Plus and Agri Plus Feed. Employing 9,000 people and working with more than

2,300 hog farmers, Smithfield Poland controls the entire food production process

"from farm to fork." Smithfield Poland is owned by Smithfield Foods, Inc., which

is a subsidiary of WH Group, a Hong Kong-based and publicly traded company with

shareholders around the world.

About Smithfield Foods

Smithfield Foods is a $15 billion global food company and the world's largest

pork processor and hog ***producer***. In the United States, the company is also the

leader in numerous packaged meats categories with popular brands including

Smithfield((R)), Eckrich((R)), Nathan's Famous((R)), Farmland((R)), Armour((R)),

John Morrell((R)), Cook's((R)), Kretschmar((R)), Gwaltney((R)), Curly's((R)),

Margherita((R)), Carando((R)), Healthy Ones((R)), Krakus((R)), Morliny((R)) and

Berlinki((R)). Smithfield Foods is committed to providing good food in a

responsible way and maintains robust animal care, community involvement,

employee safety, environmental and food safety and quality ***programs***. For more

information, visit [*www.smithfieldfoods.com*](http://www.smithfieldfoods.com).

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This announcement is distributed by Nasdaq Corporate Solutions on behalf of Nasdaq Corporate Solutions clients.

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Source: Smithfield Foods, Inc.  via GlobeNewswire

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[***Register of Commission documents: Draft AAP 2017 Annex VI Expert Support Facility Document date: 2017-07-06 COM-AC\_DR(2017)D051651-02(ANN06) Comitology - Right of scrutiny***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PDW-MHD1-JDG9-Y384-00000-00&context=1516831)

Impact News Service

September 5, 2017 Tuesday

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**Length:** 5373 words

**Body**

Brussels: Public Register European Parliament has issued the following document:

[1] ANNEX IV of the Commission Implementing Decision on the Annual Action ***Programme*** 2017 for Article 5 of the Instrument contributing to Stability and Peace (IcSP) Action Document for Climate Change and Security 1. Title/basic act/ CRIS number Improving climate resilience in a fragile context through the Water – Security Nexus . CRIS number: IFS/2017/040125 financed under IcSP 2. Zone benefiting from the action/location Niger river basin 3. ***Programming*** document Regulation (EU) No 230/2014 establishing an Instrument contributing to Stability and Peace - Multiannual Indicative ***Programme*** 2014-2017 4. Sector of concentration/ thematic area Climate Change and Security DEV. Aid: YES 5. Amounts concerned Total estimated cost: EUR 4 000 000 Total amount of choose EU budget contribution EUR 4 000 000. 6. Aid modality(ies) and implementation modality(ies) Indirect management with a Member State agency 7 a) DAC code(s) 15210 - Security system management and reform 41010 - Environmental policy and administrative management b) Main Delivery Channel 10000 - Public Sector Institutions 8. Markers (from CRIS DAC form) General policy objective Not targeted Significant objective Main objective Participation development/good governance ☐ X ☐ Aid to environment ☐ ☐ X Gender equality (including Women In Development) ☐ X ☐ Trade Development X ☐ ☐ Reproductive, Maternal, New born and child health X ☐ ☐ RIO Convention markers Not targeted Significant objective Main objective Biological diversity ☐ X ☐ Combat desertification ☐ ☐ X Climate change mitigation ☐ ☐ X Climate change adaptation X ☐ ☐ 9. Global Public Goods and Challenges (GPGC) thematic flagships Not applicable 10. SDGs SDG Goals 6 (water) and 16 (security), but also promotes progress towards Goal 2 (food security). SDG 5 on gender equality [2] SUMMARY The proposed project intends to reduce potential conflicts in a context where the effects of climate change cause increased fragility: Niger river basin, the projects intend to address this challenge in 2 phases: Phase 1: In a first phase, the particular needs and concerns will be identified through Water, Energy, Food Security Nexus Dialogues adjusted to the specific context.

These dialogues will involve the local, national and regional levels according to the specific fragility context, and will take into account the particular importance of gender issues linked to the challenges and solutions. The process will lead to the elaboration of Nexus Action ***Plans*** including concrete opportunities for grant based climate resilient infrastructure projects in fragile and vulnerable contexts. Phase 2: In phase 2, dedicated actions will be identified from the Nexus Action ***Plans*** in a consensual manner for grant based support, based on their potential for cross sector cooperation, conflict prevention through the involvement of several key parties and climate resilience. According to the Nexus concept it is crucial to combine adequate actions for achieving sustainable water, energy and food security. Depending on the specific context, these actions could consist of irrigation schemes in dry areas, sustainable water storage systems providing energy and water for drinking and irrigation purposes, energy efficient water pumping systems for water extraction and distribution, (trans-boundary) protection measures against extreme weather events such as floods, early warning and hydro-/meteorological information systems, micro hydropower systems as well as green infrastructure solutions such as wetlands for water treatment and forests to fight sedimentation. 1 CONTEXT 1.1 Sector/Country/Regional context/Thematic area The scarcity of vital water, land and energy resources is a major factor limiting sustainable development. In a context of fragility, migration and adverse climate change, an uncoordinated overuse of resources can easily trigger conflicts among user groups leading to violence and political instability. More than 3 billion people – over 40 % of today’s world population - already experience severe water scarcity during a period of at least three months per year. The expected impacts of climate change add further pressure particularly on water resources. 84 % of the damage drought causes worldwide are to ***agriculture***. Water security is also crucial for water intensive energy supply, particularly in the case of hydropower and if water is used for cooling, proving once more the need for an integrated approach. In addition to conflict and violence, the impacts of climate change are a major cause for displacement inside and beyond national borders. Extreme weather events often catalyse existing conflicts. For instance, in Somalia, one quarter of the population was forced to escape home due to an intense drought contributing to an escalation of existing violence in 2011. This already dire situation is often aggravated by the fact that the most severe consequences are borne by those that are the most vulnerable. Women are disproportionately more vulnerable to the effects of natural disasters and climate change. This is especially the case in a development context as their rights and socio-economic status often are not equal to those of [3] men, and where they have less voice and influence than men in shaping policies and prioritizing how climate finance is used.1 Countries in the Niger River Basin have suffered from political instability and strong climate variability for the last decades. The conflict in the north of Mali has re-erupted in 2012 and is still continuing. Economies in the river basin strongly depend on ***agriculture***, which is still largely rain-fed. Many areas rely on water from the Niger River, even though the river’s flow might become even more irregular due to the impacts of climate change. Moreover, several water storage schemes are ***planned*** in the basin. Cooperative and inclusive resource and infrastructure ***planning*** in the basin is a crucial factor contributing to prevent conflicts to spread in the region. Here too, the gender dimension will be particularly relevant because of the important risk of gender based violence in a fragile context, but also because of the importance of women in the daily provision of food and energy.2 1.1.1 Public Policy Assessment and EU Policy Framework The G7 states commissioned an independent report from a consortium of academics, including Adelphi, EU Institute for Security Studies, the Wilson Centre and International Alert, on the impacts of climate change on security. The report concluded that climate change was 'the ultimate threat multiplier”, one which aggravate fragile situations and may contribute to social upheaval and even violent conflict. It also highlighted the compound risks that emerge when the impacts of climate change interact with other problems that weak states already face. The report ***produced*** four key recommendations for policymakers:  integrate climate-fragility risks into ***planning***, implementation and evaluation processes and develop cross-sector policies processes.  enhance G7 cooperation and intergovernmental action to address problems occurring across national borders.  break down sector specific barriers and silos to ensure multilateral processes and structures (e.g post 2015 agenda) address climate-fragility risks.  engage widely with partners and at the local level to ***produce*** results, particularly in fragile situations. The action will include an operational implementation of the Nexus Dialogue ***Programme*** Phase 1 (2016–2018) – project under the responsibility of DEVCO C5. This dialogue ***Programme*** currently focusses on the Water-Energy-Food Security nexus. The proposed action under the IcSP will allow to scale up these efforts into a Security-Water-Energy-Food nexus and to address these issues in particular fragile contexts. Where relevant, the project will consult the Niger Basin Authority and take into account its policy documents. 1 [*http://eugender.itcilo.org/toolkit/online/story\_content/external\_files/TA\_NaturalResources.pdf*](http://eugender.itcilo.org/toolkit/online/story_content/external_files/TA_NaturalResources.pdf) 2 See for the importance of gender in the context of food security:   [*http://eugender.itcilo.org/toolkit/online/story\_content/external\_files/TA\_Food\_GIZ.pdf;*](http://eugender.itcilo.org/toolkit/online/story_content/external_files/TA_Food_GIZ.pdf;) in the context of energy:   [*http://eugender.itcilo.org/toolkit/online/story\_content/external\_files/TA\_Energy\_UNWOMEN.pdf*](http://eugender.itcilo.org/toolkit/online/story_content/external_files/TA_Energy_UNWOMEN.pdf) [4] Because of the focus on water-food-energy focus in a fragile context, the action is an important contribution to the EU Gender Action ***Plan*** 2 on Gender Equality and Women's Empowerment 2016-2020.3 1.1.2 Stakeholder analysis Through the Nexus Dialogue ***Program*** a variety of state and non-state actors can be reached. The project in particular will be designed to focus on local communities with a gender sensitive approach in order to avoid enhancing the existing gender inequalities. 1.1.3 Priority areas for support/problem analysis As defined by the relevant Regulation. 2 RISKS AND ASSUMPTIONS The risk of fragmentation and working in a fragile context will be mitigated by closely cooperating in the context of an already ongoing action. Particular attention will be paid to coherence and concentration of efforts in order to maximise effectiveness. The activities will be based on thorough analyses of the factors which negatively impact the living conditions of local communities (bottom-up perspective). This analysis will pay attention to gender inequality and will include women, women’s associations and organisation. The differentiated needs and interests of women, men, boys and girls will be reflected in the desegregated data that is ***produced***. The action will also pay attention to trans-boundary effects, (customary) law conditions, water resources management, regional and national trade mechanisms as well as land use rights and management and investment in infrastructure, most probable in particular natural infrastructure. In fragile contexts appropriate natural infrastructure often provides much more potential for inclusiveness than complex multipurpose grey infrastructure. However, this will require the ability of the implementing partner to mobilise timely the right expertise for the roll-out of the activities. It is however assumed that target authorities and communities will ensure sustainability and durability of the action, depending on the interest raised by the implementing measures. This also pre-supposes that the security situation of the target areas does not deteriorate any further. 3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES The project will closely cooperate with the “Nexus Dialogues” project from which it draws its technical focus but is orientated towards regional organizations and their member states. It started implementation at the beginning of 2016. It will draw on the work done in the context of gender such as the relevance of evidence-based and context-specific gendered vulnerability 3 SWD(2015) 182 final; Especially its Priority 3: Political and civil rights – Voice and Participation, Objective 11: Equal rights and ability for women to participate in policy and governance processes at all levels and Objective 13: Equal rights to participate in on climate and environmental issues, and Objective 11: Equal rights and ability for women to participate in policy and governance processes at all levels [5] assessment to identify different needs and perceptions and capacities to adapt, determined by differences in assets and rights dues to social status, class, age and ethnicity.4 Due to the focus on fragile and vulnerable countries and vulnerable groups such as women, cooperation will be particularly important. This includes different sectors and countries, but more importantly local authorities, communities, cultures and tribes within countries. The project will take into account the important work done in the gender field, such as the relevance of support formats for mutual discussion and exchange of data and information, for instance on water flows with the long term objective to facilitate joint resource ***planning*** among all relevant stakeholders, taking into account current and future climate vulnerabilities. According to the specific fragility context, the potential projects partners will not be limited to government agencies but also include sub national entities and other partners such as NGOs and the private sector. The participating countries will be selected based on the demand and readiness for more bottom-up Nexus based solutions like investment into natural infrastructure. Nevertheless, this also includes the willingness for supporting the Water, Energy, and Food Security Nexus at the Ministerial level. This selection process will pay particular attention to the security situation of the target area and the vulnerability of local communities. Countries and areas will be selected in coordination with EU delegations. 4 DESCRIPTION OF THE ACTION 4.1 Objectives/results The proposed project aims to transform the potential for conflicts into opportunities for cooperation and climate resilient development across sectors with a focus on the sustainable and cooperative management of water, land and energy, thus serving overall cooperation within and between countries for improving climate resilience and stability purposes. It intends to focus on specifically fragile and vulnerable areas within the Niger River Basin, which are particularly suffering from conflict and the impacts of climate change and variability. This ***programme*** is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG Goals 6 (water) and 16 (security), but also promotes progress towards Goal 2 (food security). This does not imply a commitment by the country or countries benefiting from this ***programme***. 4.2 Main activities The proposed project consists of two phases. Phase 1: In a first phase, the particular needs and concerns will be identified through Water, Energy, Food Security Nexus Dialogues adjusted to the specific context. These dialogues will involve the local, national and regional levels according to the specific fragility context. The 4 E.g see Brief for GSDR – 2016 Update- At the intersection of inequities; Houria Djoudi, Center for International Forestry Research (CIFOR),   [*https://sustainabledevelopment.un.org/content/documents/978042\_Djoudi\_At%20the%20intersection%20of%20inequities%20-%20Lessons%20learned%20from%20CIFORs%20work%20on%20gender%20and%20climate%20change%20adaptation%20in%20West%20Africa.pdf*](https://sustainabledevelopment.un.org/content/documents/978042_Djoudi_At%20the%20intersection%20of%20inequities%20-%20Lessons%20learned%20from%20CIFORs%20work%20on%20gender%20and%20climate%20change%20adaptation%20in%20West%20Africa.pdf) [6] process will lead to the elaboration of Nexus Action ***Plans*** including concrete opportunities for grant based climate resilient infrastructure projects in fragile and vulnerable contexts. Phase 2: In phase 2, dedicated actions will be identified from the Nexus Action ***Plans*** in a consensual manner for grant based support, based on their potential for cross sector cooperation, conflict prevention through the involvement of several key parties and climate resilience. According to the Nexus concept it is crucial to combine adequate actions for achieving sustainable water, energy and food security. Depending on the specific context, these actions could consist of irrigation schemes in dry areas, sustainable water storage systems providing energy and water for drinking and irrigation purposes, energy efficient water pumping systems for water extraction and distribution, (trans-boundary) protection measures against extreme weather events such as floods, early warning and hydro-/meteorological information systems, micro hydropower systems as well as green infrastructure solutions such as wetlands for water treatment and forests to fight sedimentation. 4.3 ***Intervention*** logic The project aims at helping (local) authorities and communities that are facing the consequences of Climate Change in fragile areas to tackle these issues in a peaceful way. The action will follow a gender relevant multi-stakeholder and human rights compliant approach with a view to establish Nexus Action ***Plans***. These actions ***plans*** intend to strengthen capacity and to secure increased ownership of authorities and stakeholders with regard to the Energy-Food-Security Nexus, both at policy and operational levels. Finally, the project will increased local operational capacities to adequately prevent, respond to and address the effects of climate change based on nexus ***planning***. 5 IMPLEMENTATION 5.1 Financing agreement In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country, referred to in Budget Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012. 5.2 Indicative implementation period The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 72 months (48 for implementation of activities) from the date of adoption by the Commission of this Action Document. Extensions of the implementation period may be agreed by the Commission’s authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014. 5.3 Implementation modalities for an action under project modality 5.3.1 Indirect management with management with a Member State agency In accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012, this implemented in indirect management with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). This implementation is justified because of the nature of the activities foreseen (provision of [7] capacity building and technical assistance in a fragile context) but also in order to reinforce the nexus between the internal and the external dimensions of security and to avoid duplication and overlap with similar activities. EU Member States institutions are best placed to cover the wide range of fields of expertise required to perform ***interventions*** in the diverse fields of information sharing, capacity building, law enforcement, and regional cooperation while ensuring confidentiality. The entrusted entity would carry out the following budget-implementation tasks: acting as contracting authority concluding, monitoring and managing contracts, carrying out payments, and recovering moneys due; management of procurement procedures for hiring staff, purchasing goods, hiring consulting services, and any other relevant transactions. GIZ (DE), based on the important links with the existing intricate Nexus Dialogue ***Programme***, is best placed to cover the wide range of fields of expertise required to perform ***interventions*** in the diverse fields of this action. 5.4 Scope of geographical eligibility for procurement and grants The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply. The Commission’s authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult. 5.5 Indicative budget EU contribution (amount in EUR) Indicative third party contribution, in currency identified 5.3.1 Indirect management with MS 4,000,000 0 Error! Reference source not found.8 Evaluation, 5.9 – Audit will be covered by another decision N.A 10 Communication and visibility N.A N.A Contingencies 0 N.A Totals 4,000,000 0 5.6 Organisational set-up and responsibilities The implementation of this Action will be coordinated and led by an EU Member State. Given the fragile context in which the ***program*** will operate, it is expected that the centre of gravity for implementing the ***program*** will be organised in the region itself. The responsibilities of the implementing partner will include, inter alia: In relation to the inception phase of the Action:  Undertaking a comprehensive needs-assessment and a stakeholder mapping – including the gender analysis - of the beneficiary countries and the targeted areas ;  Defining a working ***plan*** of activities jointly with the beneficiary institutions;  Identifying the most appropriate bodies/experts/institutions for the transfer of their know-how;  Designing a human rights risk mitigation strategy; [8]  Formulating the communication and visibility strategy.  In relation to the implementation phase of the Action:  Undertaking the tasks of each activity by mobilising the appropriate and necessary expertise and promoting EU best practice;  Organising events of ***strategic*** dimension at a sub-regional, regional and trans-regional level;  Setting up a system of indicators taking into account the gender aspects in order to follow up the activities and measure the results (including gender disaggregated data;  Reinforcing the collaborative links of the beneficiary countries' relative institutions/bodies amongst themselves and with their counterparts in the EU;  Promoting the dissemination of good practices and the results of the Action;  Ensuring coordination with other donors. In order to guarantee the global ***strategic*** orientation of the ***programme***, the Contracting Authority together with the implementing partner will establish and co-chair a Steering Committee. This Committee will also be tasked with issuing opinions and recommendations on the working ***plan*** submitted by the implementing partner, ensuring the relevance of the indicators measuring the results of the Action as well promoting synergies with actions of bilateral and regional cooperation of the EU and its Member States and coordination with the ***programmes*** and projects financed by other donors. 5.7 Performance monitoring and reporting In order to determine whether the security and resilience of selected communities has improved, several independent indexes and reports mentioned in the Appendix (Log frame) will be used. Considering the sensitive issues linked to security, such as surveillance, and data protection, civil society opinions should be also taken into account in the process of the action's performance monitoring. The Appendix (Log frame) will be adjusted at the preparatory phase of the action in particular to provide up-to-date baseline figures including pertaining to gender and it shall evolve during the lifetime of the action to allow for effective performance monitoring. The Global Conflict Risk Index (GCRI)5 is an independent index and early warning system, which provides a country-based conflict risk assessment at intra-state and sub-national level. Updated annually, the GCRI is based on socioeconomic, political and geographic factors. Enhanced with climate-change related data it such IDP displacements, on top of existing environmental dimensions such as water stress, and food insecurity, it can be used to monitor improvement on conflict prevention following climate adaptation policy measures. The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner’s responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the log frame matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means 5   [*http://conflictrisk.jrc.ec.europa.eu*](http://conflictrisk.jrc.ec.europa.eu)/ [9] envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation. The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews). 5.8 Evaluation Having regard to the nature of the action, an ex-post evaluation will be carried out for this action or its components via independent consultants. It will be carried out for accountability and learning purposes at various levels (including for policy revision). The Commission shall inform the implementing partner at least two weeks in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities. The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project. The financing of the evaluation shall be covered by another measure constituting a financing decision. 5.9 Audit Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements. The financing of the audit shall be covered by another measure constituting a financing decision. 5.10 Communication and visibility Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility ***Plan*** of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above. In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements. The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility ***Plan*** of the Action and the appropriate contractual obligations. [10] APPENDIX - INDICATIVE LOG FRAME MATRIX (FOR PROJECT MODALITY) The activities, the expected outputs and all the indicators, targets and baselines included in the log frame matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall ***programme*** and its components. The indicative log frame matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant. Results chain Indicators Baselines (incl. reference year) Targets (incl. reference year) Sources and means of verification Assumptions Overall objective: Impact Authorities and communities in fragile areas that are facing the consequences of Climate Change are tackling these issues in peaceful way. Number of Action ***Plans*** targeting the nexus drafted by local communities through nexus dialogues. Evidence that women are consulted and involved the development of strategies and ***plans***. To be determined by the implementing partner in the preparatory phase, reflecting on the target areas situation on the ground. To be determined together with the implementing partner in the preparatory phase (2018) Through peer review in the Nexus Dialogue platform. Assessment of the project at delegation level and Project Internal Monitoring System / Evaluation(s) (Midterm review and final evaluation) Target authorities and groups will ensure sustainability and durability to the action depending on the interest raised by the implementing measures. The security situation of the target areas does not deteriorate further. Specific objective(s): Outcome(s) Endorsement and implementation of Nexus Action ***Plans*** by all relevant stakeholders, following a gender relevant multi-stakeholder and human rights compliant approach. 1. Formal endorsement of the Action ***Plan*** by all relevant stakeholders. Number of women who participate in ***planning***. No multi-stakeholder dialogue on nexus issues ongoing. To be determined together with the implementing partner in the preparatory phase (2018) Through peer review in the Nexus Dialogue platform. Assessment of the project at delegation level and Project Internal Monitoring System / Evaluation(s) (Midterm review and final evaluation) Target authorities and groups will ensure sustainability and durability to the action depending on the interest raised by the implementing measures. The security situation of the target areas does not deteriorate further. 2. Implementation of the Action ***Plan***, proposing tangible solutions to day-to-day challenges that local communities face. Number of women and men who have access to, and fully understand ecological technologies. To be determined together with the implementing partner in the preparatory phase (2018) To be determined together with the implementing partner in the preparatory phase (2018) Through peer review in the Nexus Dialogue platform. Assessment of the project at delegation level and Project Internal Monitoring System / [11] Evaluation(s) (Midterm review and final evaluation) Outputs Output 1: Increased ownership of authorities and stakeholders with regard to the Energy-Food-Security Nexus, both at policy and operational levels. Number of target countries /regions adopting Nexus Dialogue ***Plans*** and initiating relevant policies. Number of women participating in the dialogues on climate change adaptation and disaster risk reduction. 0 (2018) To be determined together with the implementing partner in the preparatory phase (2018) Through peer review in the Nexus Dialogue platform. Assessment of the project at delegation level and Project Internal Monitoring System / Evaluation(s) (Midterm review and final evaluation) Good cooperation amongst authorities and stakeholders Ability of the implementing partner to mobilise timely the right expertise for the roll out of activities Output 2: Increased local operational capacities to adequately prevent, respond to and address the effects of climate change based on nexus ***planning*** Number of food-water-energy projects implemented based on the consensual nexus approach in a fragile context Number of women and men participating in and benefitting from the implementation process. 0 (2018) To be determined together with the implementing partner in the preparatory phase (2018) Through peer review in the Nexus Dialogue platform. Assessment of the project at delegation level and Project Internal Monitoring System / Evaluation(s) (Midterm review and final evaluation) Good cooperation amongst authorities and stakeholders. Ability of the implementing partner to mobilise timely the right expertise for the roll out of activities.

**Load-Date:** September 7, 2017

**End of Document**



[***Register of Commission documents: Palestine 2017 AAP-AD1: Commission Implementing Decision on the Annual Action Programme 2017 in favour of Palestine to be financed from the general budget of the Union Document date: 2017-09-27 COM-AC\_DR(2017)D053178-01 Comitology - Right of scrutiny***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R13-MHW1-JDG9-Y0JS-00000-00&context=1516831)

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Annex 2

of the Commission Implementing Decision on the Annual Action ***Programme*** 2017 of Palestine[1] to be financed from the general budget of the Union

Action Document for 'Support to East Jerusalem'

|  |
| --- |
| Information for Potential Grant Applicants Work ***Programme*** for Grants This document constitutes the work ***programme*** for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012) in the following sections concerning grants awarded directly without a call for proposals: 5.3.1 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 1. Title/basic act/ CRIS number | Support to East Jerusalem CRIS number: ENI/2017/040-199 financed under the European Neighbourhood Instrument |  |  |  |
|  | 2. Zone benefiting from the action/location | Jerusalem, Palestine The action shall be carried out at the following location: Jerusalem |  |  |  |
|  | 3. ***Programming*** document | European Joint Strategy in Support of Palestine 2017-2020 ? Towards a democratic and accountable Palestinian State |  |  |  |
|  | 4. Sector of concentration/ thematic area | Other measures: Support to East Jerusalem |  |  |  |
|  | 5. Amounts concerned | Total estimated cost: EUR 20,100,000 Total amount of EU budget contribution: EUR 14,900,000. This action is co-financed by potential grant beneficiaries, by the Arab Fund for Economic and Social Development and could potentially be co-financed by other donors, such as the Islamic Development Bank, for an indicative amount of EUR 5,200,000. |  |  |  |
|  | 6. Aid modality(ies) and implementation modality(ies) | Project Modality Direct management ? grants ? direct award Direct management ? procurement of services Indirect management with an international organisation: United Nations Office for Project Services (UNOPS) |  |  |  |
|  | 7. DAC code(s) | Main DAC code ? 15150 Democratic Participation and Civil Society Sub-code 1 - 11120 Education Facilities and training Sub-code 2 ? 25010 Business Support Services and Institutions Sub-code 3 ? 15153 Media and free flow of information Sub-code 4 ? 15160 Human rights |  |  |  |
| 8. Markers (from CRIS DAC form) | General policy objective | Not targeted | Significant objective | Main objective |  |
| Participation development/good governance | ? |  | ? |  |  |
| Aid to environment | ? |  | ? |  |  |
| Gender equality (including Women In Development) | ? |  | ? |  |  |
| Trade Development | ? |  | ? |  |  |
| Reproductive, Maternal, New born and child health |  | ? | ? |  |  |
| RIO Convention markers | Not targeted | Significant objective | Main objective |  |  |
| Biological diversity |  | ? | ? |  |  |
| Combat desertification |  | ? | ? |  |  |
| Climate change mitigation |  | ? | ? |  |  |
| Climate change adaptation |  | ? | ? |  |  |
|  | 9. Global Public Goods and Challenges (GPGC) thematic flagships | Not applicable |  |  |  |
|  | 10. Sustainable Development Goals | Sustainable Development Goal no. 11'Sustainable Cities and Communities' Sustainable Development Goal no. 1 'No Poverty' Sustainable Development Goal no. 4 'Quality Education' Sustainable Development Goal no. 8 'Decent Work and Economic Growth' |  |  |  |
|  |  |  |  |  |  |

Summary

The ***programme*** seeks to prevent the population in East Jerusalem from being further coerced into leaving the city, thus jeopardising the chances to safeguard the Palestinian identity of Jerusalem in future status talks.

EU support to East Jerusalem is multi-sectoral and sectors are addressed in a cyclical manner. In 2017, the ***programme*** will target ***interventions*** primarily in the following sectors: (i) advocacy and protection (ii) youth and education, and (iii) private sector and economic development. It aims to respond to the continued deterioration of socio-economic trends, caused by insufficient investment in community services, inadequate municipal public services, low labour force participation, limited opportunities and protection for women and vulnerable groups, low private investment and minimal economic development.

* Context

1.1 Sector/Country/Regional context/Thematic area

East Jerusalem has traditionally served as the focus of political, commercial, religious and cultural life for the population of Palestine. Since the 1967 occupation and its illegal annexation by the Israeli government in 1980, East Jerusalem (EJ) depends de facto on the Israeli municipality for its governance and the delivery of public services. The European Union has regularly recalled that it never recognised the 1980 annexation of East Jerusalem and reaffirmed its commitment to Jerusalem as the future capital of two states. Pending a final status agreement, East Jerusalem should remain an integral part of Palestine and should be maintained as the social, economic, political and cultural hub for Palestinians.

Israel has followed a declared policy of isolating East Jerusalem from the rest of the West Bank, notably through the construction of the Separation Barrier and settlement expansion in and around the eastern parts of the city. The years 2015-2017 have seen further increase in settlement construction around Jerusalem, with extraordinary acceleration as of January 2017. Physical separation has severely affected economic activities and weakened the social fabric and cultural identity of the Palestinian community. East Jerusalem is constantly marginalised by the asymmetric delivery of public services provided by the Israeli municipality to Jerusalem's Palestinian population. This complex political reality and the resulting instability exacerbate the vulnerability of the fragmented communities and of marginalized groups, notably the population of the Old City, communities separated by the wall, and the increasingly isolated Palestinian neighbourhoods throughout East Jerusalem. Recent trends in violent confrontations, substantial land confiscation, increased house evictions and demolitions in highly populated urban neighbourhoods, have further increased pressure on the Palestinian community in the city. 2016 saw a marked increase in the number of homes Israeli authorities demolished throughout East Jerusalem (88 residential buildings and 48 other structures). The scale of demolitions was the most extensive since 2004 and this negative trend has further escalated in early 2017.

The economy of East Jerusalem is characterised by low labour force participation, high level of structural unemployment (40% of the male Arab population in Jerusalem does not participate in the labour market), limited opportunities, low wages, limited public investments in communities and infrastructure, inadequate municipal services, little private investment and, as a result, unsustainable fiscal conditions and a deteriorating economic base. With the limitations and restrictions it imposes, the Israeli occupation is the primary driver of poverty in Palestine. One in four Palestinians lives in poverty, making Palestine today among the lower middle-income group of countries in terms of Human Development Index. In East Jerusalem, these rates are substantially higher, with 76% of Palestinian residents living under the poverty line, and 83.4% of Palestinian children.[2]

The East Jerusalem private sector is characterised by very low investments, weaknesses in workers' skills across sectors, the burdening permits regime as well as the limited access to land and building permits and the segregation from the West Bank market. 1.1.1 Public Policy Assessment and EU Policy Framework

Palestinian National Policy Agenda (NPA) 2017-2022 Putting Citizens First puts the expansion of Palestinian sovereignty over East Jerusalem as a priority. Under the NPA, under the National Policy 1 'Mobilizing national and international support', measures include 1) to reassert sovereignty over the whole territory of the State of Palestine based on the 1967 borders including East Jerusalem, and 2) to establish and develop East Jerusalem as the capital of the State of Palestine. Under the NPA, the development of a 'sectoral strategy' in support of East Jerusalem is expected in the second half of 2017.

European Joint Strategy in Support of Palestine 2017-2020 Towards a democratic and accountable Palestinian State incorporates the central role of East Jerusalem serving as the future capital of the State of Palestine. It states: 'In line with the NPA's Strategy, and while EU's development partners recognise the geographical disparities and special needs/challenges related to them, Palestine is treated as 'one' […] At the same time, the Strategy acknowledges the specific needs of East Jerusalem, the Gaza Strip and Area C, which are also areas where the role of the Palestinian Authority is severely limited and challenged due to different political, administrative and security arrangements.

Under the EU component of the European Joint Strategy, there is specific Other Measure: Support to East Jerusalem to reflect the multi-sectoral nature of EU support to East Jerusalem. The EU is adopting a ***strategic*** approach to sustain the presence of the Palestinian population and protect the Palestinian identity of the city.

EU policy has been repeatedly reflected in EU Council Conclusions, which recognise the centrality of Jerusalem for Palestine and that 'a way must be found […] to resolve the status of Jerusalem as the future capital of both states.'[3] Furthermore, the regular EU Heads of Mission Report on Jerusalem provides a joint framework which is primarily implemented through the EU's support to East Jerusalem. 1.1.2 Stakeholder analysis

The direct beneficiary of the present action is the Palestinian population living in East Jerusalem, especially children, youth, women, vulnerable communities and, more comprehensively, people whose fundamental rights are being violated. In the absence of formal Palestinian institutions in East Jerusalem (closed down by Israeli authorities since 2001), the key stakeholders remain primarily community-based organisations (CBOs), local and international Non-governmental organisations (NGOs), and international organisations supporting East Jerusalem communities.

Civil society organisations have suffered from the growing isolation of the city in the past ten years, as well as from a number of restrictive measures taken by the Israeli authorities. These measures have resulted in the closure and/or transfer of numerous Palestinian and/or international organisations to the West Bank, further weakening the Palestinian institutional and social fabric in East Jerusalem. Therefore, the East Jerusalem ***programme*** tries to counter these measures by supporting the activities of the few remaining Palestinian institutions/organisations in East Jerusalem and increasing support to community based organisations. Discussions have been held with interested partners on possible ***interventions***. Feedback given on specific ideas put forward has been taken into account in the development of viable ***interventions*** that correspond to the priorities identified.

There are different dynamics between the various types of organisations depending on their experience as well as the sectors they are involved in. For example, there are some strong and well experienced international organisations that provide a protective umbrella to local organisations, especially those working on advocacy and/or legal aid since they face close scrutiny from the Israeli de facto authorities. International organisations, in general, face fewer restrictive measures than the local organisations, especially in the education sectors and renovation/construction. These international organisations also have an important role to play using their international connections for awareness raising and advocacy.

In other cases international organisations and international non-governmental organisations bring together a number of local organisations and co-ordinate their efforts under one single initiative in order to create synergies and have a greater impact. This, for instance, is the case with regard to support for the tourism sector in Jerusalem. The related local partners are well experienced and have good capacity but co-ordination between them needs to be enhanced, especially in the absence of strong regulatory or co-ordinating bodies/mechanisms. In this case the international organisations cover this gap, and provide the necessary support. Additionally, international organisations can provide support and capacity building to less experienced smaller local ones, when needed. In these cases it builds up their capacity and their internal regulatory and monitoring systems.

The EU directly refers to the Office of the President of the Palestine Liberation Organisation (PLO) for matters related to the EU support to East Jerusalem. The link with the Office of the President is important. Co-ordination with Line Ministries of the Palestinian Authority (PA) and the Jerusalem Governorate takes place as and when appropriate. 1.1.3 Priority areas for support/problem analysis

The EU support to East Jerusalem is multi-sectoral. Three/four priority sectors are identified yearly in co-ordination with the Office of the President of the PLO (and following civil society consultations), and actions in these areas are then selected. Synergies are thus ensured not only between actions of the same year, but mostly in the overall context of all on-going actions under the ***Programme***. Strong coherence has been developed over the years, thanks to this cyclical approach, which allows EU presence in most relevant sectors at almost any given time.

The specific political and regulatory environment in East Jerusalem hinders development and discourages investments. The resilience of the population relies on enhancing potential for economic development, maintaining a skilled workforce, modernizing existing businesses and improving their competitiveness.

Palestinian women in East Jerusalem face particular challenges. Indeed, over and above the factors that negatively affect all Palestinian women (discriminatory legislation, weak performance of institutions and services, patriarchal social traditions, and the effects of the Israeli occupation), women in East Jerusalem have to deal with specific, context-related issues: residency rights, house demolitions and evictions, increased gender-based violence, lack of services for women and the multiplicity of legislations related to personal status.

Regarding urban ***planning***, for over a decade, the local and district ***planning*** Israeli authorities have not advanced even a single outline ***plan*** in the Palestinian neighbourhoods. Even the neighbourhood outline ***plans*** initiated by the Municipality itself are left unattended. Alongside the ongoing ***planning*** freeze, there has been a sharp rise in the demolition of homes in East Jerusalem on the grounds of construction without permit. In 2016, 88 homes were demolished, leaving 295 people without a roof over their heads. This is the largest number of home demolitions for over a decade. In addition, between January 2016 and February 2017 the authorities demolished in East Jerusalem 59 structures including shops and ***agriculture*** construction.[4]

By living in occupied East Jerusalem many young boys and girls feel torn between their individual and national identities. They are at risk of being alienated from their society and becoming increasingly violent in response to institutionalized discrimination, economic stagnation and lack of any perspective. The exponential increase of violent episodes in the city since mid-2015 brought this worrisome reality to the headlines.

The education system in East Jerusalem has been severely affected by Israeli policy and is currently fragmented into five types of service providers, lacking any co-ordination. The PA has no official authority on over 12,000 pupils registered in the 44 Awqaf[5] schools, as it is officially forbidden to operate there. Hence, schools lack basic resources and can barely deal with the increasing discomfort, challenges and social exclusion suffered by pupils. Main challenges faced by the system in East Jerusalem concern school dropout, shortage of classrooms[6], access to school, movement restrictions and transportation for teachers and students, shortage of trained teachers and absence of alternative educational frameworks able to deal with students with special needs.

The Palestinian Committee of Prisoners’ Affairs announced that Israel has detained about 560 children from occupied East Jerusalem up to the first 8 months of 2016[7] with some of them being younger than 12 years old. The Committee also announced that the Israeli authorities imposed house-arrest orders on at least 60 children from East Jerusalem. No specific services are provided to these minors and their families, so these minors are denied their right to education for “security reasons”[8].

Problems are even more acute in highly marginalized and overcrowded areas such as Silwan, the Old City and the Shu'fat refugee camp, where open spaces - already extremely rare in East Jerusalem - are virtually absent. The lack of recreational and sport facilities in a city with over 60% of the population under 25 years old, living in a state of continued political tension and in poor socio-economic conditions, is a further strong element of pressure.

Particular attention will however be paid to prevent that EU-supported Palestinian civil society organisations are also engaged in online and offline activities inciting to hatred and/or violence against the State of Israel, its citizens and/or Jews. Eligibility conditions of the calls for proposals to be launched under this action will include strict compliance with the EU Framework Directive on racism and xenophobia.

* Risks and Assumptions

|  |  |  |
| --- | --- | --- |
| Risks | Risk level (HML) | Mitigating measures |
| Negative political developments leading to increased violence. | H | Maintain recourse to use of European umbrella organisations and UN agencies. |
| Increased Israeli human rights violations and isolation of East Jerusalem | H | Continue to apply the Rights Based Approach as approved by the EU Council on 19 May 2014 in all projects under the East Jerusalem ***programme*** |
| Hardened Israeli policies on the access of people and goods to Jerusalem. | H | - Maintain pressure to facilitate access between East Jerusalem and the West Bank. - Maintain continuous co-ordination with donors and increase communication on overall EU and EU Member States support to East Jerusalem. |
| New Israeli guidelines might result in longer periods of time, for the issuance of the construction permit and license for school within the Innovation Park | H | - Regular dialogue with the relevant Ministries, the Office of the President of the PLO and the Governorate.   -indirect management through an International Organisation and close project monitoring. |
| Continued absence of Palestinian political institutions in East Jerusalem | H | - Increase efforts to triangulate with the EU Delegation in Tel Aviv with regards to allowing the functioning of Palestinian institutions in East Jerusalem |
| Financial sustainability | H | - Create sustainable models through developing solid visions, strong co-ordination and effective ***planning***. - Diversify sources of co-financing. Seek co-financing from other European donors working in East Jerusalem |
| Assumptions |  |  |
| Co-ordination among donors and communication on EU ***strategic*** ***intervention*** in Jerusalem are continuously strengthened.   Palestinian institutions have the political ambition to substantively engage in East Jerusalem despite obstacles. |  |  |

* Lessons learnt, complementarity and cross-cutting issues

3.1 Lessons learnt

Lessons learnt were drawn from the external evaluation of the EU-funded ***Programme*** to support the delivery of public services in East Jerusalem between 2007 and 2011. In addition, projects' external evaluations, independent sectoral studies and consultations with civil society organisations and other donors provide useful feedback on the ***Programme***. An evaluation of EU support of East Jerusalem will be launched in late 2017. Furthermore, Results Oriented Monitoring of on-going projects supports identification and formulation of new actions. Lessons learnt can be summarised as follows:

- While the EU shall maintain its method of implementation working through partnerships between international and local organisations (thus creating an umbrella mechanism), it should continue working directly with Palestinian partners whenever possible.

- The EU must maintain flexible and creative means of implementation.

- The EU should enhance co-ordination of on-going operations and other donors, in order to avoid duplication and increase the potential for synergies among actions.

- The EU should increase - when feasible - well-structured and active efforts aimed at promoting visibility and awareness of EU funding in East Jerusalem.

There is a pressing need for EU funded actions to better support ***strategic*** communication promoting international humanitarian and human rights law. 3.2 Complementarity, synergy and donor co-ordination

The EU-led informal Working Group on East Jerusalem offers a forum for co-ordination and exchange of information on support provided to East Jerusalem by the EU and its Member States as well as like-minded donors (i.e Norway and Switzerland).

Nevertheless, donor co-ordination in East Jerusalem remains a challenge despite the political will of major donors and the joint political framework provided by the annual EU Heads of Mission Report on Jerusalem.

The absence of Palestinian institutions in East Jerusalem and the lack of a clear development strategy make also extremely difficult donor co-ordination at operational level. The Office of the EU Representative (EU REP) (West Bank and Gaza Strip, United Nations Relief and Works Agency for Palestine Refugees (UNRWA)) is engaged in regular bi-lateral information sharing with non-EU most significant actors, i.e the UN family, the Welfare Association and the Islamic Development Bank.

The East Jerusalem multi-sectoral ***programme*** is complementary to other EU funded ***programmes*** and projects under the European Joint Strategy to support Area C, culture, private sector development, etc. Since 2013, through the PEGASE Direct Financial Support mechanism, the EU supports the Palestinian Authority in the payment of health referral bills to the six East Jerusalem hospitals. Through this mechanism, the EU provides crucial funding to avoid the collapse of the six East Jerusalem hospitals, which are amongst the few remaining Palestinian institutions in East Jerusalem and are providing key medical services to the Palestinian population.

Furthermore, this ***programme*** has noteworthy complementarities and synergies with both the thematic ***programmes*** notably the European Initiative for Democracy and Human Rights, regional ***programmes*** notably European Peacebuilding Initiative and support to civil society. 3.3 Cross-cutting issues

Good governance principles are entrenched in the implementation mechanism and projects’ ownership from the Palestinian civil society is ensured. Furthermore, good governance and the use of local systems are embedded in the design of each initiative of this action.

Gender equality is promoted in every action of the ***Programme*** and gender-disaggregated data will be ***produced*** and used when possible. The ***interventions*** will enhance girls' access to educational/extra-curricular activities as well as women's participation in economic empowerment initiatives that will promote their professional skills and employment opportunities. They will also be supported by legal counselling/aid, which will enhance their legal protection for family reunification, and against house demolitions, evictions and residency right's revocation. Advocacy initiatives will enhance their knowledge of their human rights and make their situation more widely known to the public, both locally and internationally.

The Rights Based Approach is central to each project undertaken under this Action given that the challenges faced by Jerusalemites are essentially due to the prevailing human rights violations and the absence of relevant protection mechanisms.

* Description of the action

4.1 Objectives

The Overall Objective of the East Jerusalem ***programme*** is political i.e to 'maintain the viability of the two-state solution, with Jerusalem as capital of two states'.

The Specific Objective is to strengthen the resilience of the Palestinian residents of East Jerusalem and preserve the Palestinian character of the city. 4.2 Main activities/results

This action is going to intervene in a number of priority sectors identified in co-operation with civil society and the Office of the President of the PLO, and in line with the recommendations of the 2015 EU Heads of Missions' Report on Jerusalem, as updated in late 2016.

These areas of ***intervention*** (namely advocacy and protection; youth and education; and private sector and economic development) are aligned with the yearly, cyclical approach of the East Jerusalem ***programme***, in order to ensure on-going support to each of the many priority sectors at any given time, through on-going or incoming actions.

All projects to be included in the 2017 East Jerusalem ***programme*** will be fully consistent with the underpinning community-based approach to development adopted by the ***programme***, which is one of its distinctive trademarks since its inception and a rights based approach also aimed at improving the sustainability of EU funded actions.

Activities to be carried out will include the following: advocacy and awareness raising, including through traditional and innovative media; protection of vulnerable groups, including through legal protection of residency and housing rights; activities to promote participation of community-based organisations; support to the tourism sector with the aim of strengthening local economic development; and support to educational environment and educational facilities. The list is not exhaustive and innovative activities with the potential to meet the objectives of the ***programme*** will also be considered.

Expected results include the following (not exhaustive list): the Palestinian identity in East Jerusalem is reinforced; the Palestinian presence in East Jerusalem is safeguarded; duty bearers are held accountable; local and international awareness of the situation in East Jerusalem is increased; Palestinian businesses in Jerusalem become more sustainable; there are increased job opportunities (for youth); and improved educational environment and educational facilities are in place. 4.3 ***Intervention*** logic

The ***intervention*** is aimed at supporting the Palestinian population of East Jerusalem. The Palestinian population in East Jerusalem is constantly facing the pressure of the Israeli de facto authority and its prejudicial policies, which openly aim to reduce Palestinian presence in the city.

The overall objective of the ***Programme*** focuses on maintaining the viability of the Two State Solution with Jerusalem being the capital of the two states. The specific objectives of the ***programme*** are to strengthen the resilience of Palestinian East Jerusalem residents and to preserve the Palestinian character of the city.

The expected results of the ***Programme*** which aim at achieving these objectives are the following: enhancing the socio-economic resilience of East Jerusalemites, improving advocacy and protection efforts, youth empowerment and better, more inclusive education.

This will be achieved through:

(i) Advocacy and protection actions through which men and women, especially youth, will be effectively engaged in international and local advocacy to increase awareness and effective positive change to improve living conditions – this will strengthen Palestinian identity and hold duty bearers accountable;

(ii) Actions for youth and education whereby access to inclusive and quality education will be improved – this will result in an improved educational environment and educational facilities for East Jerusalem Palestinians; and,

(iii) Private sector and economic development through which businesses will benefit from stronger and more accessible economic development services and men and women will have developed professional skills, and have better access to sustainable jobs and improved employment opportunities.

* Implementation

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012. 5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission’s authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014. 5.3 Implementation modalities

The East Jerusalem ***programme*** is inherently political, aiming at maintaining the viability of the two state solution with 'Jerusalem serving as the future capital of both States'. The extremely sensitive political situation created by the Israeli annexation of East Jerusalem, not recognised under international law, creates enormous difficulties and challenges for Palestinians and Palestinian organisations in the city who are subjected to Israel's de facto jurisdiction. This comes in the form of restrictive policies for Palestinian construction in Jerusalem, continuous demolitions and evictions, inequitable education system, obstacles to accessing quality health care systems, and an increasingly suffocating pressure on East Jerusalem's stagnant economy. Palestinian political organisations in East Jerusalem are largely absent and Palestinian institutions are prevented from playing any role. Palestinian communities in Jerusalem have become very fragmented and are confronted with exceptional economic and social obstacles.

This delicate situation calls for the Commission's authorising officer to recourse to the direct award of grants, rather than using alternative implementation modalities, such as a call for proposals. Direct awards allow the EU (i) to exercise the flexibility required to adapt the ***interventions*** to the specific socio-political context, (ii) to respond to the unique challenges of each priority sector, (iii) to provide support to the capacity development of Palestinian NGOs applying to the ***Programme***, and (iv) to safeguard Palestinian NGOs which are still able to function in East Jerusalem.

In light of this fragile context, further deteriorated since October 2015 and confirmed by the repeated EU recognition of a crisis situation in Palestine for several years, an effective implementation of this ***programme*** calls for direct award of grants. 5.3.1 Grants: Direct Award (direct management)

(a) Objectives of the grants, fields of ***intervention***, priorities of the year and expected results

It is proposed to award direct grants to approximately seven civil society organisations, with the objective to strengthen the resilience of the Palestinian residents of East Jerusalem and preserve the Palestinian character of the city.

The main areas of ***intervention*** are selected based on the following priority sectors: i) advocacy and protection (ii) youth and education, and (iii) private sector and economic development, which were identified in co-operation with the civil society and the Office of the President of the Palestinian Liberation Organisation (PLO), and in line with the recommendations of the 2015 EU Heads of Missions Report on Jerusalem as updated in late 2016.

(b) Justification of a direct grant

Under the responsibility of the Commission’s authorising officer responsible, the grant may be awarded without a call for proposals to beneficiaries with a good track-record of working in East Jerusalem and of implementing the type of innovative projects outlined above (See section 4.2).

Under the responsibility of the Commission’s authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because on the one hand, Palestine has been acknowledged to be in a 'crisis situation' as referred to in Article 190(2) RAP, allowing for the use of flexible procedures in accordance with applicable provisions; and on the other hand, because the specific actions have characteristics calling for implementing partners with a specific added-value, technical competence and a high degree of specialisation and administrative power that are able to deliver the highest level of quality.

(c) Eligibility conditions

The essential eligibility criterion for applicants is the type of entity. Formally established legal entities which are Non-Governmental Organisations (NGOs), international organisations, economic operators - among others - are equally eligible. Specific eligibility conditions of the calls for proposals to be launched under this action will include strict compliance with the EU Framework Directive on racism and xenophobia.

(d) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the EU Joint ***Programme*** 2017-2020; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(e) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 90% of the eligible costs of the action.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 co-o%. The essentiality of full funding will be justified by the Commission’s authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(f) Indicative trimester to conclude the grant agreement: First trimester 2018. 5.3.2 Procurement (direct management)

Services contracts for audit and evaluation in line with points 5.8 and 5.9 5.3.3 Indirect management with an international organisation

A part of this action may be implemented in indirect management with the United Nations Office for Project Services (UNOPS) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation entails the construction of the Jerusalem Innovation Park (JIP) which will be the first educational and entertainment complex specialized in science, technology, engineering and mathematics in Jerusalem. It will offer educational services and ***programmes*** through a specialized school as well as scientific and technological exhibitions and interactive displays that can be accessed by hundreds of school students. UNOPS is mandated by the United Nations General Assembly to be a central resource for the United Nations system in project management, procurement, contracts management, civil works and physical infrastructure development, including the related capacity development activities. This implementation is justified because of the innovative and ***strategic*** nature of the JIP and UNOPS's expertise in delivering infrastructure to high quality standards, within budget and on time has been proven in Palestine.

The entrusted entity would carry out the following budget-implementation tasks 1) Design Review and Construction Procurement; 2) Site Preliminaries, Shell and Core Works and 3) Finishes, Landscaping, Furniture and Equipment for the Jerusalem Innovation Park. 5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission’s authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult. 5.5 Indicative budget table

|  |  |  |
| --- | --- | --- |
|  | EU contribution in 2017 (EUR) | Indicative third party contribution (EUR) |
| 5.3.1 Grants: direct awards | 10,700,000 | 1,200,000 |
| 5.3.3 Indirect management with an international organisation | 4,000,000 | 4,000,000 |
| 5.8 ? Evaluation, 5.9 ? Audit | 100,000 | N.A |
| 5.10 ? Communication and visibility[9] | - | N.A |
| Contingencies | 100,000 | N.A |
| Totals | 14,900,000 | 5,200,000 |

5.6 Organisational set-up and responsibilities

The EU co-ordinates and consults with the Office of the President of the Palestine Liberation Organisation (PLO) and the Governor of Jerusalem, through a Joint Committee established in 2011 with regard to the sector analysis and priorities for East Jerusalem. Furthermore, whenever possible, activities are co-ordinated with line-ministries. 5.7 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partners' responsibilities. To this aim, each implementing partner shall establish a permanent internal, technical and financial monitoring system for the action under their responsibility and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed, and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews). 5.8 Evaluation

Having regard to the nature of the action, an ex-post evaluation will be carried out for this action or its components to be contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that there is a governance vacuum in East Jerusalem.

The Commission shall inform the implementing partner at least one month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partners and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, one contract for evaluation services shall be concluded, possibly under a framework contract system, in the closure phase of the action. 5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, one or more contracts for audit services shall be concluded, possibly under a framework contract system, during the operational implementation period or during the closure phase of this action. 5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility ***Plan*** of the Action, to be elaborated at the start of implementation. Visibility for this Action will be covered from funds under existing Financing Agreements.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility ***Plan*** of the Action and the appropriate contractual obligations.

Funds for communication and visibility of this Action Document 'Support to East Jerusalem' are available under other Financing Decisions.

The communication and visibility measures will be implemented by way of procurement and/or Framework contracts. The objectives of all communication and visibility efforts will be:

-         Raising awareness and enhance visibility of the EU support to East Jerusalem.

-        Facilitating EU's co-ordination on and in East Jerusalem.

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  APPENDIX - Logframe matrix (for project modality) [10]

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing Decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall ***programme*** and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Results chain | Indicators | Baselines (incl. reference year) | Targets[11] (incl. reference year) | Sources and means of verification | Assumptions |
| Overall objective:  Impact | To maintain the viability of the two state solution with Jerusalem as the capital of the two states by strengthening the resilience of the Palestinian East Jerusalem residents and preserve the Palestinian character of the city. | Palestinian population living in East Jerusalem.       Palestinian population living under poverty line in Jerusalem. | 323,700 Palestinians living in Jerusalem (37%)[12]   76% living under the poverty line[13] | To be refined jointly with the grant partners | Partners' reports and log-frames   Statistics from PCBS     Other independent sources including Israeli NGOs and governmental organisations | No further deterioration in the political situation   No further obstacles imposed on local and International NGOs by either the Palestinian Authority or Israel |
|  | SO1: Advocacy and protection is improved | Number of men and women, especially youth, who are effectively engaged in international and local advocacy                             Number of children (m/f), with disabilities (boys & girls), enjoy improved living conditions and rights   Number of families of people with disabilities who enjoy improved living conditions and rights       Number of families whose residence rights are legally protected | 125 East Jerusalem youth (age 20-30) (79 women, 46 men)[14]                 Baseline 0 West Bank and Gaza university students     301 children (68girls/233boys) [15]     20 couples 59 families[16]       464 cases (385 men and 79 women) [17] | Additional 180 young Jerusalemites (minimum 50% women), indirect target 1140 Palestinian community members from East Jerusalem,[18]   West Bank and Gaza 600 Palestinian university students[19]   To be developed jointly with the grant partners     To be developed jointly with the grant partners     544 cases (with an increase in the number of women) | Partners' reports and log-frames | The political situation does not further deteriorate. The Israeli de facto authorities do not penalize youth for their advocacy efforts                     Families with children with special needs/disabilities request the services of the related specialized organisations for legal defence, awareness raising sessions, and counselling        Israeli courts respect basic 'Rule of Law principles' |
|  | SO2: Youth empowerment (Education and Youth) | Number of youth with improved access to inclusive quality education | Shortage of 2000 classrooms [20] | 14 new classrooms with 500 new places will be created (50% girls) [21] | Partners' reports and log-frames | No new obstacles are introduced to the final construction permit and/or the license for the school to be part of the Innovation Park. |
|  | SO3: social economic resilience of East Jerusalemites is enhanced | Number of businesses that benefit from stronger and more accessible economic development services in EJ. [22] \*             Number of men and women who benefit from the development of their professional skills, sustainable job creation and employment opportunities.. [23] \* | 468[24] (50% women) Small and Micro (SM) entrepreneurs and 23 SM businesses[25]         110 direct jobs created[26] | 6 tourism Business Intermediary Organisations (BIOs) in East Jerusalem 300 tourism related SMEs in East Jerusalem[27]   To be developed jointly with the grant partners | Partners' reports and log-frames | The political situation does not deteriorate any further. |

[1].              This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.

[2].              The Association for Civil Rights in Israel, East Jerusalem Facts and Figures 2017.

[3].              Council conclusions on the Middle East Peace Process Brussels, 22 July 2014.

[4].              The Association for Civil Rights in Israel, East Jerusalem Facts and Figures 2017.

[5].              Awqaf schools in EJ are the public schools de facto administrated by the PA Ministry of Education and Higher Education through the Jerusalem Directorate of Education.

[6].              In 2010 the Israeli Supreme Court ruled in favour of a human rights organisation's petition denouncing the chronic shortage of 1000                 classrooms in East Jerusalem.

[7].              [*https://www.maannews.com/Content.aspx?id=772710*](https://www.maannews.com/Content.aspx?id=772710).

[8].              According to the organisation Addameer, at least 20% of Palestinian children under home arrest are prevented from attending school.

[9].              Communication and Visibility budget for the Action Document 'Support to East Jerusalem' is not included as there are sufficient funds available under existing Financing Decisions to cover projected needs.

[10].                   Mark indicators aligned with the relevant ***programming*** document mark with '\*' and indicators aligned to the EU Results Framework with '\*\*'.

[11].            The East Jerusalem ***programme*** has for many years been multi –sectoral and has therefore acquired experience in the proposed sectors. The baselines and targets are therefore drawn from past and on-going projects with partner organisations with a proven expertise and reliable data.

[12].                   Association for Civil Rights in Israel (ACRI): East Jerusalem -Facts-and-Figures-2017.

[13].                   Ibid.

[14].                   Accomplished under the ongoing project with Danish Church Aid (interim narrative report).

[15].            Accomplished under the ongoing project with Diakonia reports.

[16].            Ibid.

[17].            Accomplished under the ongoing project with Norwegian Refugees Council.

[18].            Danish Church Aid.

[19].            Students from the three territorial areas of Palestine will be engaged in local and international advocacy for awareness raising of the rights of East Jerusalemites.

[20].            ACRI: East Jerusalem Facts and Figures 2017.

[21].            UNOPS & Al Nayzak.

[22].                   According to the Palestinian Central Bureau of Statistics Statistical Yearbook (2015) the total number of registered businesses in EJ was 10,464 in 2012.

[23].                   Unemployment rate in East Jerusalem 40% for men and 85% for women: [*http://www.acri.org.il/en/wp-content/uploads/2013/03/EastJlem-Poverty-ENG-web.pdf*](http://www.acri.org.il/en/wp-content/uploads/2013/03/EastJlem-Poverty-ENG-web.pdf).

[24].                   Ending project Institute Europeen Co-operation Development (IECD)'s EU funded 'Support to under-privileged households in East-Jerusalem through the reinforcement of their economic capacities' project (2013-2016), (final narrative report).

[25].                   Ongoing project Palestine Investment Fund EU funded 'Jerusalem Grant Facility'.

[26].                   Ibid.

[27].            ACTED.

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ENP Newswire

July 25, 2017 Tuesday

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**Body**

Managing Director Paul Atherley commented: 'We are pleased with progress during the quarter which included the delivery of the crusher to site, the finalisation of capex and a significant strengthening of the Board and management team.

The progress moves us closer to potentially being one of the top ten uranium ***producers*** globally, with one of the lowest production costs. We are extremely well positioned to provide our concentrate to the 130 strong reactor fleet in the European Union as well as utilities further abroad.

The continued success of our long-term off-take ***programme*** at exceptional prices demonstrates the Salamanca mine's unique advantage of offering diversification of supply away from non-OECD countries towards first world jurisdictions.

We are encouraged by the local support and continue to recruit heavily from the local community. In addition we are delighted that people we have trained are now being offered employment. We currently employ 70 staff and contractors at site and ***plan*** to increase this number quickly as construction continues.'

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Overview

Infrastructure works on site are progressing well. The road deviation ***programme*** is well advanced and land is now being cleared to allow for the installation of the processing plant.

The primary crusher, delivered to site earlier this month, and the secondary crusher, which is currently in Madrid, were fabricated by Sandvik in Finland. Vibramech, based in South Africa, is on track with the fabrication of the vibrating grizzly feeder and screens.

The recent arrival on site of the primary crusher marks a significant milestone for the Company as it has progressed from the development phase to the construction phase.

Equipment procurement for realignment of the electrical power line has been completed and the line deviation will commence once the road construction is complete.

Employment levels are increasing with nearly seventy employees and contractors now on site and this will rise to 450 when the mine is in production. Over 120 locals have now completed the Company's skills training ***programmes*** equipping them with the skills necessary for positions with the Company.

These rising levels of employment are already having a positive effect on a local community badly affected by long term unemployment, especially amongst its youth.

The Company remains committed to environmental excellence and as part of the Environmental License and the Environmental Measures ***Plan*** it will plant 30,000 young oak trees, a six fold increase on the number of older trees being cleared, greatly improving the ecological and ***agricultural*** value of the area. The agreement will come into force once the favourable report issued by the Environmental Territorial Service of Salamanca has been approved by the General Directorate of Natural Environment of the Castilla y Leon Regional Government.

This reforestation ***programme*** commenced earlier this year with an agreement with the highly supportive local municipality of Vitigudino which details the arrangements for the planting of the first 20,000 young oak trees over a 50 hectare plot.

The Company is currently evaluating quotes from a number of experienced mining contractors and is encouraged by the competitive bids received. A key focus is the management of cost escalation over the term of these and all major contracts and suppliers to the Company.

Capital and the main contractual operating costs were finalised following the completion of the FEED being undertaken by AMEC Foster Wheeler and came in 1% below the Definitive Feasibility Study estimates, reinforcing the Salamanca mine's position at the bottom of the cost curve.

The next phase of the Company's exploration ***programme*** will focus on discovering additional deposits with similar characteristics to Zona 7. Following extensive structural mapping and the interpretation of regional geological structures, two areas have been selected for an intensive geochemical sampling ***programme*** incorporating the latest uranium exploration techniques, in addition to some others like radiometrics and radon emissions.

The Company has noted increased public tender activity by major global utilities looking to enter into long term contracts in the medium to long term horizon. The Company is actively pursuing both public and private off-take opportunities with global utilities in the ordinary course of business and will report regularly on how this progresses.

The Company's view is that whilst uranium prices may remain flat in the near term, from late 2018, when the Salamanca mine is scheduled to come into production, the market is expected to be dominated by US utilities looking to re-contract who will at the same time be competing with Chinese new reactor demand, which may lead to higher spot and term contract prices.

The Company currently has 2.75 million pounds of U3O8 concentrate under long term contracts over the first six years of production. Potential exists to increase annual contracted volumes further as well as extend the contracts by a total of 1.25 million pounds.

Across the Company's portfolio, the average fixed price per pound of contracted and optional volumes is above US$ 42 per pound. This compares favourably with the current spot price of around US$ 20 per pound. The Company will continue to build its sales book as the market continues to improve.

During the recent Spanish State Visit to the UK, the Company participated in the UK-Spain Business Forum as a delegate of the Department of Industry and Trade. At the event, King Felipe highlighted the importance of post-Brexit bilateral investment and trade between the two countries.

The Company is in a strong financial position with US$ 26.3 million in cash and no debt whilst it is advancing its discussions with ***strategic*** partners and potential financiers.

Board strengthened with the appointment of two Non-Executive Directors

Mr Nigel Jones and Mr Adam Parker were appointed as an independent Non-Executive Directors of the Company on 7 June 2017 and 14 June 2017 respectively.

Mr Jones has thirty years' experience in the international mining sector. He has considerable corporate development and marketing expertise, including being responsible for the negotiation of key uranium supply agreements for Rio Tinto.

Mr Jones spent two decades at Rio Tinto, where ultimately he held the position of Global Head of Business Development and prior to that Managing Director of Rio Tinto Marine, Head of Investor Relations and Marketing Director, Uranium.

Mr Parker joins the Company after a long and successful career in institutional fund management in the City of London spanning almost three decades, including being a co-founder of Majedie Asset Management, which today manages assets of approximately GBP14 billion.

He was instrumental in building Majedie Asset Management into the successful investment boutique that it is today. He managed funds including the Majedie UK Opportunities Fund, the Majedie UK Smaller Companies Fund and a quarter of the Majedie UK Focus Fund, which all outperformed their benchmarks during his tenure.

Mr Parker retired from Majedie Asset Management in 2015 and has no ongoing input or influence in the management of its investments, including the firm's current ownership of approximately 5.30% of the Company.

On 7 June 2017 Dr Jim Ross retired from the Board after over twelve years of excellent service.

Primary Crusher Delivered to Site

The delivery of the primary crusher to site marked a key milestone in the construction of the Salamanca mine.

The crusher is the first major piece of processing equipment to be delivered to site and its arrival marks the Company's transition from the development phase to the construction phase. The construction and commissioning phases are estimated to be completed during the second half of 2018.

The 400 tonne per hour crusher was manufactured by Sandvik Group in Finland, who have also fabricated the secondary crusher, which is currently in Madrid and will be delivered in the coming months. Sandvik is one of the world's leading suppliers of mining equipment and the crusher was one of the long lead items included in the use of proceeds from the equity raise completed in the fourth quarter of 2016.

Infrastructure development continues and major contracts being evaluated

Initial infrastructure development commenced in August 2016 with the re-routing of the existing electrical power line to service the mine and a five kilometre realignment of an existing road.

The road deviation continues to proceed as ***planned*** and will be completed in the third quarter this year. The upgrade to the existing electrical power line will commence this August and will be completed by the end of the year. The deviation ***programme*** has been designed to create pedestrian footpaths and secure cattle paths in order to maximize the benefit to the local community.

The clearing of land where the processing plant, medium voltage substation, reagent storage facilities and buildings will be built, and the laydown area for mining and construction contractors, has now commenced. Many of the trees being cleared from these plots of land are suffering from a fungal pest that prevents them from growing and are being replaced with young, healthy oak trees that will improve the ecological value of the area. The cleared trees have been used for biomass.

Quotes from a number of experienced mining contractors are currently being evaluated and the Company is encouraged by the competitiveness of the bids received. A key focus is the management of cost escalation over the term of these and all the major contracts with and suppliers to the Company.

Committed to the highest environmental standards

The Salamanca mine is being developed to the highest international standards and as such, the Company's commitment to the environment remains a priority.

The mine has been designed according to the very latest thinking on sustainable mining. The extraction and treatment areas will be continuously rehabilitated as operations progress and with minimum disturbance during operations. Once operations are complete, all areas utilised by the Company will be fully restored to an increased ***agricultural*** value.

As part of the Environmental License and the Environmental Measures ***Plan*** over 30,000 young oak trees will be planted over an area of 75 to 100 hectares.

For every tree being cleared six will be planted in its place, which will greatly improve the ecological value of the area. The reforestation ***programme*** began earlier this year following an agreement with the highly supportive municipality of Vitigudino, as part of the Company's commitment to environmental excellence.

This agreement details the arrangements for the planting of 20,000 trees over a 50 hectare plot in the municipality of Vitigudino. This plot forms part of an area of more than 500 hectares owned by the municipality that is currently used by cattle farmers, despite its deteriorating ecological value.

The Company will make payments to the municipality of Vitigudino for the next three years to cover the costs of planting and maintaining the young trees and looks forward to entering into similar agreements with the municipalities of Retortillo, Villavieja and Villares de Yeltes.

Capital costs for Salamanca reduced by 1% to EUR82.3 million

The capital cost for the construction of the Salamanca mine has reduced to EUR82.3 million (US$ 93.8 million), a 1% reduction over previous estimates, confirming the project's status as one of the lowest cost uranium mine developments in the world today.

The project benefits from well-established EU infrastructure and a highly competitive cost environment combined with short lead times for major equipment items.

The estimate for bringing the mine into production was prepared as part of the FEED by the Amec Foster Wheeler Group, one of the world's largest engineering groups.

The FEED is the execution phase of the project during which the overall engineering and process design is translated into equipment procurement packages and awards to specialist sub-contractors. A number of Spain's most reputable engineering groups provided their input into the Company's study work, including Madrid IBX-35 listed companies Ferrovial and OHL.

The final capital costs reflect all detailed design work carried out during the FEED, and resulted in an update to the nature and quantity of materials required to build the Salamanca mine, with costs from contractors and suppliers being amended based on final bidding packages.

The Company will continue to pursue cost optimisation opportunities as it commences full construction this summer, which includes the evaluation of the indirect costs.

Exploration ***programme*** expanded targeting Zona 7 style deposits

The next phase of the Company's exploration campaign has commenced and will focus on discovering additional deposits with similar characteristics to Zona 7, which is located close to the surface and without a strong radiometric anomaly present.

The discovery of the high grade extensions at the Zona 7 deposit in late 2014 transformed the economics of the mine and changed the Company's geological model for the region.

In parallel with the ongoing development on site, the Company continues to conduct further exploration ***programmes*** aimed at increasing the project's production profile or mine life.

Following extensive structural mapping and the interpretation of regional geological structures, two areas totalling 100 km2 have been selected for an intensive geochemical sampling ***programme***, that will include 2,500 samples on a 200m x 200m grid.

The ***programme*** will incorporate the latest uranium exploration techniques with samples being tested for mobile metal ions using the Ionic Leach technique. This highly sensitive technique can detect extremely low levels of uranium and other critical elements and is widely acknowledged to be the most adept at identifying subtle anomalies.

To complement the soil sampling/Ionic Leach ***programme***, the Company will also undertake ground radiometric survey readings and radon emissions tests at each of the sample collection points.

Two field crews will be focussed on carrying out the ***planned*** exploration activities over the two priority areas during the coming months, with the goal of identifying drill targets.

In addition to this new exploration ***programme***, the Company will continue with exploration below Zona 7, where previous high grade intercepts were found beneath the current defined resource, demonstrating continuity of mineralisation and potential for the resource to increase.

Strong interest from financiers and ***strategic*** partners

The Company is in a strong financial position and is considering a range of financing options whilst remaining focused on its aim of minimising dilution in order to protect the equity value of its shareholders.

The Company continues to progress discussions with various potential ***strategic*** partners and financiers interested in taking a minority stake in the Salamanca mine, all of whom are currently undertaking detailed legal, financial and technical due diligence.

Off-Take ***programme*** update and notable increase in public tender activity

The Company currently has 2.75 million pounds of U3O8 concentrate under long term contracts over the first six years of production. Potential exists to increase annual contracted volumes further as well as extend the contracts by a total of 1.25 million pounds.

The Company has maintained its preference to combine fixed and market related pricing across its contracts in order to secure positive margins in the early years of production whilst ensuring the Company remains exposed to potentially higher prices in the future.

Across the portfolio, the average fixed price per pound of contracted and optional volumes is above US$ 42 per pound. This compares favourably with the current spot price of around US$ 20 per pound.

The Company notes an increase public tender activity by major global utilities looking to enter into long term contracts in the medium to long term time horizon. The Company is actively pursuing both public and private off-take opportunities with global utilities in the ordinary course of business and will report regularly on progress.

The Company's view is that whilst uranium prices may remain flat in the near term, from late 2018, when Salamanca is scheduled to come into production, the market is expected to be dominated by US utilities looking to re-contract who will at the same time be competing with Chinese new reactor demand, which may lead to higher spot and term contract prices.

Commitment to the community

The Company continues to be committed to the rejuvenation of the local community and being a good neighbour and community business partner. The Company has already invested over EUR70 million in the area over the past decade and is ***planning*** to invest an additional EUR250 million in the coming years as the mine develops.

The Company has been by far the biggest investor in a rural community suffering from decades of under investment and high levels of unemployment, especially amongst its youth.

The Company has signed Cooperation Agreements with the highly supportive local municipalities, demonstrating its commitment to working collaboratively with the community.

To date, through these agreements, the Company has provided Wifi networks for local villages, built play areas for children, repaired sewage water plants, upgraded sports facilities, and sponsored various sporting events and local festivals

Employment and training

The policy of preferentially hiring and training local residents has been very well received with the training ***programmes*** continuing to be heavily oversubscribed; to date, over 120 locals have attended courses organized by the Company and 25% of residents from the local area have applied for jobs.

The Company has received over 21,000 applications for the first 200 direct jobs it will create. The mine will create over 450 jobs once in full production and the University of Salamanca has estimated that for this type of business there will be a multiplier factor of 5.1 indirect jobs for every direct job created, resulting in over 2,500 direct and indirect jobs being created as a consequence of the Company's investment in the area.

During the quarter, the Company added a further 20 employees to its team at the Salamanca mine bringing the total number of employees and contractors at site to close to 70.

The recently appointed candidates are carrying out activities such as fencing the project, preparing for the next exploration campaign, preparing the 50 hectare plot in Vitigudino for reforestation activities and readying other areas of the site to allow for imminent construction.

Training ***programmes*** will continue to run throughout the year to ensure that sufficient people from the local communities are qualified for jobs created during the construction and mining phases.

Permitting update

There is strong support for the Salamanca mine throughout all levels of government. To date, the Company has received more than 90 favourable reports and permits for the development of the mine.

The Urbanism Commission of Salamanca gave an Express Resolution for the granting of the Authorisation of Exceptional Land Use, with the licence to be formally issued in due course.

With the Mining Licence, Environmental Licence and the Authorisation of Exceptional Land Use already obtained, the remaining approval is the Construction Authorization by the Ministry of Industry, Energy and Tourism for the treatment plant as a radioactive facility, which is currently in process.

Competent Persons Statement

The information in this announcement that relates to the FEED was extracted from the announcement entitled 'Capital costs for Salamanca reduced by 1% to EUR 82.3 million' dated 6 July 2017, which is available to view on Berkeley's Energia Limited's (Berkeley) website at [*www.berkeleyenergia.com*](http://www.berkeleyenergia.com).

Berkeley confirms that: a) it is not aware of any new information or data that materially affects the information included in the original announcement; b) all material assumptions and technical parameters underpinning the FEED results included in the original announcement continue to apply and have not materially changed and c) the form and context in which the relevant Competent Persons' findings are presented in this announcement have not been materially modified from the original announcements.

The information in the original announcement that relates to the FEED costs is based on, and fairly represents, information compiled by Mr Francisco Bellon, a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy. Mr Bellon is the Chief Operating Officer for Berkeley and a holder of shares, options and performance rights in Berkeley. Mr Bellon has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Forward Looking Statements

Statements regarding ***plans*** with respect to Berkeley's mineral properties are forward-looking statements. There can be no assurance that Berkeley's ***plans*** for development of its mineral properties will proceed as currently expected. There can also be no assurance that Berkeley Energia will be able to confirm the presence of additional mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of Berkeley mineral properties. These forward-looking statements are based on Berkeley's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Berkeley, which could cause actual results to differ materially from such statements. Berkeley makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of that announcement.

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[***Register of Commission documents:Annex to Commission Implementing Decision adopting an Annual Action Programme for Albania for the year 2017, EUR 61 200 000 Document date: 2017-09-04 COM-AC\_DR(2017)D052804-01 Comitology - Right of scrutiny***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PV5-VR61-F0YC-N1JP-00000-00&context=1516831)

Impact News Service

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**Length:** 6176 words

**Body**

Brussels: Public Register European Parliament has issued the following document:

ANNEX 1

ANNUAL ACTION ***PROGRAMME*** FOR ALBANIA FOR THE YEAR 2017

* Identification

* Description of theAction ***Programme***

* Sectors selected under this Action ***Programme***

The Indicative Strategy Paper for Albania (2014-2020) (ISP)focusespre-accession assistance on governance, rule of law and economic governance, competitiveness and growth.

|  |  |
| --- | --- |
| Beneficiary | Albania |
| CRIS/ABAC Commitment references Total cost EU Contribution Budget line   CRIS/ABAC Commitment references Total cost EU Contribution Budget line     Total cost of the ***programme*** EU Contribution to the ***programme*** | 2017/040-209 objective 1   EUR 14, 600,000 EUR 14, 600,000 22.02.01.01   2017/040-210objective 2   EUR 46,600, 000 EUR 46,600, 000 22.02.01.02     EUR 61,200,000 EUR 61,200,000 |
| Management Mode/ Entrusted entities | Action 1: EU Integration facility: Direct management by the EU Delegationto Albania for activities 1.1, 1.7 and 2.1 Indirect management with Albania for activities 1.2, 1.3 and 1.5 The entrusted entity is the Central Finance and Contracting Unit (CFCU) within the Ministry of Finance. Indirect Management by the entrusted entities listed below: United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) for activity 1.4; Organisation and Security for Cooperation in Europe (OSCE) for activity 1.6; Action 2: EU Support to a tourism-ledmodel for local economic development: Indirect Management by the entrusted entities listed below: European Bank for Reconstruction and Development (EBRD) for Component 1 and 2 German Society for Development Cooperation (Deutsche Gesellschaftfür Internationale Zusammenarbeit GmbH, GIZ)and Swedish International Development Cooperation Agency (SIDA) as co-delegateeor, if negotiations fail with SIDA as co-delegatee, only the German Society for Development Cooperation (Deutsche Gesellschaftfür Internationale Zusammenarbeit GmbH GIZ)for Component 3 |
| Final datefor concluding Financing Agreementswith the IPA IIbeneficiary | At the latest by 31 December 2018 |
| Final date for concluding delegation agreements under indirect management | At the latest by 31 December 2018 |
| Final date for concluding procurement and grant contracts | 3 years following the date of conclusion of the Financing Agreement,with the exception of the cases listed under Article 189(2) Financial Regulation |
| Final date for operational implementation | 6 years following the date of conclusion of the Financing Agreement |
| Final date for implementing the Financing Agreement (date by which this ***programme*** should be de-committed and closed) | 12 years following the conclusion of the Financing Agreement. |
| ***Programming*** Unit | Unit D4, DG NEAR |
| Implementing Unit/ EU Delegation | European Union Delegation to Albania |

In line with the ISP objectives, and also in line with Albania's key priority 1 for the opening of accession negotiations (implementing public administration reform),the Instrument for Pre-Accession Assistance (IPA II) 2017 annual action ***programme*** (AAP)will support governance and public administration reform.TheEU integration facilitywill contribute tostrengthen the capacity and accountability of the Albanian public administration to assist the Government in the preparation for EU membership. The support will be instrumental for alignment with the EU acquisand development and implementation of relevant reforms and strategies.

Another ISP priority is enhancing thecompetitiveness of Albania's economy.To this end,the 2017 AAP will support the local economic development. The action EU support to a tourism – led model for Local Economic Development aims at increasing the contribution of sustainable and responsible tourism to Albania’s economic growth. The action will implement and testa tourism-led local economicdevelopment model focused on a number of pilotsof cultural and natural heritage, and other local destinations' assets. The action will improve sustainable and responsible tourism, thus regenerating local economic fabric and urban environment. More and attractive tourist destinations will increase tourists’ spending, the length of the tourist season, job opportunities for local population and income in target areas.This goes along with a high visibility of EU support. The model will be extended to other locations, which will be selected based on their needs and potential for local development, in line with the Albanian regional development policy. Municipalitiescan receive support for the upgrading of municipal and business related infrastructures, improved energy efficiency and increased climate resilience, regional connectivity, and municipal services. Support to growth and competitiveness will also include improving the innovative eco-system and boosting start-ups creation.

List of Actionsforeseen under the selected Sectors/Priorities:

Sector - Democracy and governance

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Indirect Management with Albania (EUR) |  | Other implementation arrangements (EUR) |  |  |
| Action 1 ? European Union integration facility | 4,500,000 |  | Action 1 ?European Union integration facility | 10,100,000 |
| TOTAL | 4,500,000 |  | TOTAL | 10,100,000 |

Sector - Competitiveness, innovation, ***agriculture*** and rural development

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Indirect Management with Albania (EUR) |  | Other implementation arrangements (EUR) |  |  |
| N.a | N.a |  | Action 2?EU support to atourism-ledmodel for Local Economic Development | 46,600,000 |
| TOTAL | N.a |  | TOTAL | 46,600,000 |

* Description and Implementation of the Actions

|  |  |  |  |
| --- | --- | --- | --- |
| SECTOR | Democracy and Governance | EUR 14,600,000 |  |
| Action 1 | European Union Integration Facility | Direct management | EUR 7,750,000 |
| Indirect management with Albania | EUR 4,500,000 |  |  |
| Indirect management with OSCE | EUR 650,000 |  |  |
| Indirect management with UN Women | EUR 1,700,000 |  |  |
|  |  | Total | EUR14,600,000 |

(1) Description of the Action, objective, expected results and key performance indicators

The overall objective of this action is to strengthen the capacity of the Government of Albania to prepare for and participate in EU membership talks, to progress towards meeting the Copenhagen criteria and the five 'key priorities' for opening of negotiations.

The specific objective is to support alignment, to enhance the accountability of the Albanian administration, and to improve inclusive, gender-responsive and evidence-based ***planning***, implementation and monitoring of national sectors reforms.

More specifically the EU integration facility will provide

1.1: Support to Albania's institutional arrangements for accession negotiations, including the functioning of the law approximation units of the Ministry of European Integration and the Parliament

1.2: Capacity building for civil servants of the Public Administration (of which at least 30% and preferably 50% women), including trainings/internships in EU Members State administrations and scholarship scheme ('young cells') for school years 2019-20 and 2020-21

1.3: Support to Civil Society Organisations for enhanced cooperation with state institutions in relation to the European Integration process

1.4: Supportto the Gender Equality Facility in assisting the Government in the national adoption of gender equality acquis, in ensuring that gender mainstreaming is taken into consideration by line Ministries and municipalities throughout the reform cycle.

1.5: Institution-building for alignment with the EU acquis and enhanced ability to meet economic criteria for:

* Customs Administration under the Ministry of Finance, in relation to the UnionCustoms Code;

1. Energy Efficiency Agency under the Ministry of Energy and Industry in relation to energy efficiency;
2. Ministry ofEconomic Development, Tourism, Trade and Entrepreneurship,General Directorate of Patents and Trademarks in relation to intellectual property law;
3. National Tourism Agency under the Ministry ofEconomic Development, Tourism, Trade and Entrepreneurship to support upgrading of tourism services;
4. Commissioner for Data Protection and Access to Information in relation to data protection.

1.6: Strengthen the capacity and independence of the public broadcaster andthe public school of journalism, including enhanced international cooperation (notably with the European Broadcasting Union)with a view to strengthening the freedom of expression in the context of the Copenhagen political criteria

1.7: Support to enhanced quality of journalism with a view to strengthening media pluralism and freedom of expression in the context of the Copenhagen political criteria.

2.1: Facility to support a) the preparation/***programming***, implementation, communication and visibility, monitoring and evaluation of IPA actions under direct and indirect management; support to actions needed to develop and implement reforms, strategies and ***plans*** including areas supported by sector reform contracts,elaboration of preparatory studies andprovision of supply to address material needs identified in relevant EU accession related report; b) preparation of EU accession-related documents, studies including annual country reports[1], Stabilisation and Association Agreement (SAA) Committee conclusions, Enlargement Strategy[2] and related texts.

The first expected result of the action is that the actions related to political and economic Copenhagen criteria and to EU acquisare implemented in order to meet specific needs identified in the course of the pre-accession and upcoming negotiation processes, the creation of a sustainable pool of excellence, highly skilled in EU affairs within the Albanian public administration is created; gender mainstreaming is taken into consideration throughout the reform cycle; and cooperation between Albanian authorities andcivil society organisations (CSOs)in relation to EU Integration is enhanced.

The second expected result of the action is that draft national reforms, sector strategies and action ***plans*** are developed in line with EU standards; acquis-related analyses and policy recommendations available; maturity of action proposals presented by the Government for future EU funding increased; EU-funded actions are monitored and evaluated.

Key performance indicators:

* Percentage of implementation of the National ***Plan*** for European Integration;

1. Extent to which reporting provides information on the outcomes achieved;
2. Extent to which policy development process makes the best use of analytical tools;
3. Percentage of corrective measures proposed by the monitoring system for which an action has been taken;
4. Extent to which public consultation is used in developing policies and legislation;
5. Gender Inequality Index;
6. World Press Freedom Index.

(2) Assumptionsand conditions

In meeting the criteria on European standards, Albania generally fulfilled the SAA requirements according to the established deadlines and EU-Albania joint recommendations.

Although there is no major risk foreseen to the implementation of this Action for 2017, there are still a number of assumptions that should be considered:

* Continuous high-level commitment from the Albanian authorities, from Ministry of European Integration and line Ministries to the EU accession process;

* Continuous commitment to the implementation of the cross-cutting public administration reform and public financial management reform ***programmes***;

* Continuous commitment from the Albanian authorities, from Ministry of European Integration and line Ministries to the development and drafting of policy and ***program*** documents related to the EU accession reform process;

* The Ministry of European Integration has sufficient administrative capacity and authority to play a pro-active role during facility implementation and speeds up the implementation of actions foreseen in the EU integration facility 2014/2015/2016.

There are three main conditions to be fulfilled while the IPA 2017 assistance is provided that will contribute to the efficient implementation of the action. These are (i) effective communication and active involvement of all stakeholders, (ii) no fundamental changes in priority setting, and (iii) sufficient ownership, motivation and support from all stakeholders to effectively and actively implement and monitor sector reform.Failure to comply with these requirements may lead to a recovery of funds under this ***programme*** and/or the re-allocation of future funding.

(3) Implementation arrangements for the action:

(3.1) Implementation arrangements for the action: direct management by the EU Delegation for Activities 1.1, 1.7 and 2.1

(3.1) (a) Essential elements of the action (direct management)

Procurementfor Activity 1.1 and 2.1:

* the global budgetary envelope reserved for procurement: EUR 7,000,000

1. the indicative number and type of contracts:

Activity 1.1: one service contract;

Activity 2.1: indicatively 15 service/framework and/or supply contracts

* indicative time frame for launching the procurement procedure:Q2 2018- Q2 2021

Grant – Call for proposal: for Activity1.7

* Objectives and foreseen results: The objective is to create a critical mass of media outlets providing quality journalism in the country. The expected result is to ***produce*** and broadcast quality radio/TV/online news content and ***programmes*** about issues of interest to the Albanian public in an objective, professional and innovative manner, including investigative journalism.

1. The essential eligibility criteria:

The types of actions eligible for financing are:

* Production and broadcasting of news stories, feature stories, interviews as part of prime time news ***programmes*** and/or online editions;

1. Production and broadcasting of daily or weekly news ***programmes***;
2. In-depth reporting through reportages, feature stories, documentaries for radio/TV/online broadcasting and publication

In order to be eligible for a grant, the applicant must:

* be a legal person,

1. be a radio/TV/online outlet, ,
2. be directly responsible for the preparation and management of the action with the co-applicant(s) and affiliated entity(ies), not acting as an intermediary, and
3. be based and registered in Albania.

1. The essential selection criteria are financial and operational capacity of the applicant.
2. The essential award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.
3. Maximum rate of EU co-financing: The maximum possible rate of EU co-financing for grants under this call is 90 % of the eligible cost of the action.
4. Indicative amount of the call: EUR 750,000.00
5. Indicative date for launch of the call for proposals: Q1 of 2018

(3.2) Implementation arrangements for the action: indirect management by Albaniafor Activities 1.2, 1.3and 1.5

(3.2) (a)Short description of the tasks entrusted to the entity

For Activities 1.2, 1.3 and 1.5the Central Finance and Contracting Unit (CFCU) within the Ministry of Finance shall be responsible for carrying out all the tasks relating to the implementation. In particular, itshall be responsible for managing calls for tenders/proposals, contracting, implementation, managing payments, information and visibility, monitoring and reporting of IPA II activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the programmewith an overall amount of EUR 4,500,000 as EU contribution.

(3.3) Implementation arrangements for the action: indirect management with international organisationsfor Activities 1.4and 1.6

(3.3.1)(a) Entity entrusted with budget implementation tasks for Activity 1.4

For Activity 1.4 UN Womenas pillar assessed entrusted entity shall be responsible for carrying out all the tasks relating to the implementation.UN Women is the mandated UN body to define global standards and norms for the full respect of women and to assist UN Member States to implement them. UN Women stands ready to provide suitable technical and financial support to central and local level administrations and to forge effective partnerships with civil society in the recipient country. It is therefore considered the appropriate implementing partner to achieve the results envisaged under this component of the EU integration facility.This implementation modality has been selected to benefit from donors' comparative advantage and expertise and previous assistance to Albania.

The selection criteria were (i) international mandate of the potential delegatee entity; (ii) presence and experience of the potential delegatee entityin particular in Albania; (iii) technical expertise, logistical & management capacities of potential delegatee entity, including at the local level; (iv) impact, results, leverage effect of cooperation with other entities/donors, also covering effectiveness of the delegation of tasks, included in Albania; (v) added value of gender-related actions under implementation by the potential delegatee entity or ***planned*** in the near future, and synergies envisaged or proposed with the IPA2017program; and (vi) reduced transaction costs level by the potential delegatee entity.

(3.3.1) (b)Short description of the tasks entrusted to the entity

UN Womenshall be responsible for carrying out all the tasks relating to the implementation, including Budget Implementation Tasks. In particular, the entrusted entity shall be responsible for managing calls for tenders, call for proposals, contracting, implementation, managing payments, information and visibility, monitoring and reporting of IPA II activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the ***programme***.

(3.3.2)(a) Entity entrusted with budget implementation tasks for Activity 1.6

For Activity 1.6the selected pillar assessed entrusted entity is the Organisation for Security and Cooperation in Europe (OSCE), whichshall be responsible for carrying out all tasks relating to the implementation. This implementation modality has been selected to benefit from the comparative advantage of the OSCE which has expertise in the area of media freedom and development, both in the Western Balkans and specifically in Albania and has a longstanding cooperation in place in support of the Albanian Radio and Television (RTSH), including cooperation with the European Broadcasting Union through a tripartite Memorandum of Understanding.

The reason for choosing an international organisation is that the beneficiary needs support from a specialised institutional partner with comparative expertise and relevant project management capacity. The selection criteria were (i) experience of the potential delegatee entity in the area and with the beneficiary; (iii) technical expertise, logistical & management capacities of potential delegatee entity, including at the local level; (iv) impact, results, leverage effect of cooperation with other entities/donors, also covering effectiveness of the delegation of tasks included in Albania; and (v) reduced transaction costs level by the potential delegatee entity.

(3.3.2) (b)Short description of the tasks entrusted to the entity

The OSCE shall be responsible for carrying out all the tasks relating to the implementation, including Budget Implementation Tasks. In particular, the entrusted entity shall be responsible for managing calls for tenders, contracting, implementation, managing payments, information and visibility, monitoring and reporting of IPA II activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management and for ensuring the legality and regularity of the expenditure incurred in the implementation of the ***programme***.

|  |  |  |  |
| --- | --- | --- | --- |
| SECTOR | Competitiveness, innovation, ***agriculture*** and rural development | EUR 46,600,000 |  |
| Action 2 | EU support to atourism-led model for Local Economic Development | Indirect management with EBRD | EUR 40,000,000 |
| Indirect management with GIZ and SIDA as co-delegatee or, if negotiations fail with SIDA as co-delegatee, only with GIZ | EUR 6,600,000 |  |  |
|  |  | Total | EUR 46,600,000 |

(1) Description of the Action, objective, expected results and key performance indicators

In line with the ISP objective, this action is designed to support the economic, social and territorial development of the country. The action will contribute to achieving the National Strategy for Development and Integration objective to support a recognised and attractive tourism industry.

The overall objective of the action is to enhance the contribution of high quality and sustainable tourism to economic growth and competitiveness of Albanian regions.

For Component 1 the specific objectives of the action arei) to raise the quality and sustainability of integrated tourism offer in pilot territories, ii)to enhance and preserve the attractiveness of cultural, natural and other assets in pilot territories for tourists.

For Component 2 the specific objective of the action isto improve local, sustainable development of priority infrastructures and improve its climate resilience in the framework of the Albanian regional development policy.

For Component 3 the specific objective of the action is to improve the innovative eco-system and boost start-ups creation.

The expected results for Component 1:

* Marketed integrated tourism package for the target area;

1. Established local tourism initiatives based on sustainability,partnerships, clusters and value chain development;
2. Improved skills through training provided to potential local tourism services/product providers in the target areas;
3. Improved tourism standards and data in line with international best practice
4. Preserved and restored cultural heritage, natural and other local assets;
5. Improved accessibility and enhanced sustainabilityof cultural heritage, natural and other local assets;
6. Improved skills on preservation, restoration and management of experts of relevant public institutions, and cultural heritage and natural sites.

The expected results for Component 2:

* Improved implementation of National Single Project pipeline priority infrastructures in the framework of local development ***plans***;

The expected results for Component 3:

* Improved accelerators/incubators facilities for supporting startups;

1. Improved access to finance forinnovative startups.

Key performance indicators for Component 1:

* Average length of stay per tourist in target territories per year (nights);

1. Number of tourists visiting cultural heritage/natural assets in target destinations per year;

Key performance indicators for Component 2:

* Number (with amount) of completed infrastructure investment projects supported by this action;

Key performance indicators for Component 3:

* Number of innovative start-ups created (disaggregated by women – led).

(2) Assumptions and conditions

The assumptions for the action are that: the National Tourism Strategy will be finalised taking into account i) the methodology for development of the ***strategic*** documents and advice on the content of each chapter outlined in the Prime Minister Order No. 93 of 7 August 2012 ”On Drafting the National Sector and Cross-Sector Strategies for the period 2013-2010 and Sector ***Strategic*** Documents 2013-2020 in the Frame of the National Strategy for Development and Integration, 2013-2020” ii) Organisation for Economic Co-operation and DevelopmentSupport for Improvement in Governance and Management (OECD/SIGMA) Recommendations for Monitoring and Reporting of Strategies in Albania (2016);

* the results/objectives of the National Adaptation to Climate Change Strategy on dealing with climate change vulnerability are taken into consideration

1. the action will be coordinated with the Ministry of Environment at nature protected areas. All action shall be consistent with the Albanian Strategy for Environment and any investment aiming at boosting tourism shall be done with respecting environment laws and in accordance with the acquis, particularly with the Environmental Impact Assessment, Natura 2000 and Birds Directives.
2. the sub-thematic group on Tourism within the Integrated Policy Management Group for Competitiveness will be established with the involvement of key stakeholders, (i.e National IPA Coordinator, Ministry of Economic Development, Tourism, Trade and Entrepreneurship, Ministry of Culture, local actors at the target destinations) and supported by a Technical Secretariat with at least three staff and operates an effective and transparent sector reform ***planning***, monitoring and donor coordination mechanism including for tourism development;
3. the involvement and commitment of the stakeholders is maintained;
4. the mobilisation of key stakeholders in the target territories, including local authorities, civil society and private sector, is effective;
5. the Regional Development Policy framework is operational;
6. the cultural heritage assets restored by the IPA II ***interventions*** continue to be maintained and preserved by the beneficiaries.

For Component 2 the law on Regional Development is required to be adopted. Failure to comply with this requirement may lead to a recovery of funds under this ***programme*** and/or the re-allocation of future funding.

(3) Implementation arrangements for the action:

(3.1)Implementation arrangements for the action: indirect management withan international organisation for Component 1 and 2

(3.1) (a)Entity entrusted with budget implementation tasks

For Component 1 and 2 the implementation method will be indirect management through a delegation agreement with the European Bank for Reconstruction and Development (EBRD).

This implementation modality has been selected to increase donors` coordination and aid effectiveness and benefit from donors' comparative advantage and expertise developed in the sector. The reason for choosing the EBRD is that the beneficiary needs hands-on support from a peer institutional partner with relevant project management experience in the sector. Furthermore, the EBRD possesses: a) mandate of promoting entrepreneurship and fosters transition towards open and democratic market economies b) specific expertise in support to private sector competitiveness and enabling business environment; c) long term presence in the country to improve infrastructures and to support advisory services to small and medium sized entreprises (SMEs); d) has a Country Strategy approved in 2016[3].

The added value of collaboration with the EBRD include: a) access to the Western Balkans Investment Framework (WBIF)for technical assistance and feasibility studies needed for the investments, b) possibility to increase the financial scope of the action, c) access to competence for competitiveness and municipal investments, d) improvement of the absorption and stimulating better uptake of other IPA-funded EBRD products as energy efficiency, environment, climate change, competitiveness, equity and small business support. In addition, the EBRD could more easily attract other donors on a joint virtual management with the new regional development agency/ies that could be developed together with loans from the EBRD, and possible grants.

The selection criteria were (i) international mandate of the potential delegatee entity; (ii) presence and experience of the potential delegatee entity in the tourism and local development sector,  particular in Albania (including the volumes of assistance in the sector and projected assistance in the near future); (iii) technical expertise, logistical & management capacities of potential delegatee entity, including at the local level; (iv) impact, results, leverage effect of cooperation with other entities/donors, also covering effectiveness of the delegation of tasks, included in Albania; (v) added value of actions in the sector under implementation by the potential delegatee entity or ***planned*** in the near future; and (vi) reduced transaction costs level by the potential delegatee entity.

(3.1) (b)Short description of the tasks entrusted to the entity

For Component 1 and 2the EBRD shall be responsible for carrying out all the tasks relating to the implementation of the action. In particular, the entrusted entity shall be responsible for the contracting, implementation, information and visibility, monitoring and reporting of IPA II activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the ***programme***.

The EBRD will execute budget implementation tasks and choose its implementing partner(s) in order to implement grants, loans, supplies, works and supervision services according to the description of the activities.

(3.2) Implementation arrangements for the action: indirect management with an EU Member State body for Component 3

(3.2) (a)Entity entrusted with budget implementation tasks

For Component 3the implementation method will be indirect management through a delegation agreement with the German Society for Development Cooperation, (Deutsche GesellschaftfürInternationale Zusammenarbeit GmbH GIZ)and the Swedish International Development Cooperation Agency (SIDA) as co-delegateeor, if negotiations fail with SIDA as co-delegatee, only withthe German Society for Development Cooperation (GIZ).

This implementation modality has been selected to increase donors’ coordination and aid effectiveness and benefit from donors’ comparative advantage and expertise in the sector.

The reasons for choosing GIZ are: a) experience in support to innovative eco-systems covering institutional infrastructure support, incubation, access to finance, capacity to manage large projects implemented in the region particularly in establishing innovation fundsb) in-house capacity and easy access to specialized expertise partnerships, including for FabLabs, financial instruments and pre-incubation support c) sub-granting experiences with innovation grants matching and voucher schemes, including in relevant subsectors as agri sector, rural development, cultural heritage and tourism.

The reasons for choosing SIDA as co-delegatee are: a) relevant sector experience at both policy making and start-up support particularly in grants management in tourism and agri-tourism sector; b) experience in Albania in sub-granting, in business coaching, training and spin-offs in sub-sectors oftourism and agro-tourism; c) added value in implementing socially oriented activities including youth, gender, employment and talent growth d)possibility of financial contribution of 10 % of co-financing.

The selection criteria included(i) sector expertise in innovative eco-systems; (ii) technical capacity in the implementation of projects in the field of innovative start-ups creation; (iii) experience in sub-granting(iv) financial capacity and willingness to provide co-financing.

(3.2) (b)Short description of the tasks entrusted to the entity

For Component 3 GIZ and SIDA as co-delegatee or , if negotiations fail with SIDA as co-delegatee only GIZshall be responsible for carrying out the tasks relating to the implementation. In particular, the entrusted entity/ies shall be responsible for the contracting, implementation, information and visibility, monitoring and reporting of IPA II activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the ***programme***.

  3.         Budget

3.1       Indicative budget table - AnnualAction ***Programme*** for Albania

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Indirect Management with the IPA II beneficiary | Other implementation arrangements |  |  |  |  |  |  |  |  |
|  |  |  |  | Total expenditure |  |  |  | Total expenditure | MM | Total |
|  | EU Contribution | IPA II beneficiary Co-financing | EU Contribution | IPA II beneficiary Co-financing | ***programme*** |  |  |  |  |  |
| Objective 1 | 01 Democracy and Governance | 4,500,000 | 0 | 4,500,000 | 01 Democracy and Governance | 10,100,000 | 0 | 10,100,000 |  | 14,600,000 |
| Action 1 EU integration facility | 4,500,000 | 0 | 4,500,000 | Action 1 EU integration facility | 10,100,000 | 0 | 10,100,000 | 1,Direct Management 2, Indirect Management with entrusted entities | 14,600,000 |  |
| Objective 2 | 06 Competitiveness and Innovation | 0 | 0 | 0 | 06Competitiveness and Innovation | 46,600,000 | 0 | 46,600,000 |  | 46,600,000 |
| Action 2 EU support to tourism and local economic development | 0 | 0 | 0 | Action 2 EU support to tourism and local economic development | 46,600,000 | 0 | 46,600,000 | Indirect management with entrusted entities |  |  |
|  | TOTALS | 4,500,000 | 0 | 4,500,000 |  | 56,700,000 | 0 | 56,700,000 |  | 61,200,000 |

  4.       Implementation modalities and General rules for procurement and grant award procedures

direct management:

Part of this ***programme*** shall be implemented by direct management by the Commission / by the Union Delegations in accordance with article 58(1)(a) of the Financial Regulation and the corresponding provisions of its Rules of Application.

Procurement shall follow the provisions of Part Two, Title IV Chapter 3 of the Financial Regulation No 966/2012 and Part Two, Title II, Chapter 3 of its Rules of Application.

Grant award procedures shall follow the provisions of Part Two Title IV Chapter 4 of the Financial Regulation No 966/2012 and Part Two Title II Chapter 4 of its Rules of Application.

Under the Financial Regulation, Parts One and Three of the Financial Regulation and its Rules of Applicationshall apply to external actions except as otherwise provided in Part Two,  Title IV.

The Commission may also use services(and supplies) under its Framework Contracts concluded following Part One of the Financial Regulation.

Twinning:

Twinning projects shall be set up in the form of a grant agreement, whereby the selected Member State administrations agree to provide the requested public sector expertise against the reimbursement of the expenses thus incurred.

The contract may in particular provide for the long-term secondment of an official assigned to provide full-time advice to the administration of the IPA II beneficiary as resident twinning advisor.

The twinning grant agreement shall be established in accordance with relevant provisions of Part Two Title IV Chapter 4 of the Financial Regulation and Part Two Title II Chapter 4 of its Rules of Application.Parts One and Three of the Financial Regulation and its Rules of Application shall apply to external actions except as otherwise provided in Part Two, Title IV.

indirect management:

Part of this ***programme*** shall be implemented by indirect management by the Albanian Government in accordance with Article 58(1)(c) of the Financial Regulation and the corresponding provisions of its Rules of Application.

Part of this ***programme*** shall be implemented by indirect management with entrusted entities other than the IPA II beneficiary in accordance with Article 58(1)(c) of the Financial Regulation and the corresponding provisions of its Rules of Application.

The general rules for procurement and grant award procedures shall be defined in the Financing Agreement and the relevant delegation agreements between the Commission and the entrusted entities implementing such actions.

  5.         performance Monitoring arrangements

As part of its performance measurement framework, the Commission shall monitor and assess progress towards achievement of the specific objectives set out in the IPA II Regulation on the basis of pre-defined, clear, transparent measurable indicators. The progress reports referred to in Article 4 of the IPA II Regulation shall be taken as a point of reference in the assessment of the results of IPA II assistance.

The Commission will collect performance data (process, output and outcome indicators) from all sources, which will be aggregated and analysed in terms of tracking the progress versus the targets and milestones established for each of the actions of this ***programme***, as well as the Country Strategy Paper.

In the specific context of indirect management by IPA II beneficiaries, National IPA Co-ordinators (NIPACs) will collect information on the performance of the actions and ***programmes*** (process, output and outcome indicators) and coordinate the collection and production of indicators coming from national sources.

The overall progress will be monitored through the following means: a) Result Orientated Monitoring (ROM) system; b) IPA II Beneficiaries' own monitoring; c) self-monitoring performed by the EU Delegations; d) joint monitoring by DG Enlargement and the IPA II Beneficiaries, whereby the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly monitored by an IPA II Monitoring committee, supported by Sectoral Monitoring committees, which will ensure a monitoring process at sector level.

[1][*https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key\_documents/2016/20161109\_report\_albania.pdf*](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2016/20161109_report_albania.pdf)

[2] [*https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key\_documents/2016/20161109\_strategy\_paper\_en.pdf*](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2016/20161109_strategy_paper_en.pdf)

[3] [*http://www.ebrd.com/news/2016/ebrd-approves-new-strategy-for-albania.html*](http://www.ebrd.com/news/2016/ebrd-approves-new-strategy-for-albania.html)

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[***Register of Commission documents: PROVISIONAL AGREEMENT RESULTING FROM INTERINSTITUTIONAL NEGOTIATIONS Proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 99/2013 of the European Parliament and of the Council on the European statistical programme 2013-17, by extending it to 2018-2020 Document date: 2017-06-15 ECON\_AG(2017)607923***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P2N-7J01-JDG9-Y1C0-00000-00&context=1516831)

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**Body**

Brussels: Public Register European Parliament has issued the following document:

AG\1129964EN.docx PE607.923v01-00 EN United in diversity EN European Parliament 2014-2019 Committee on Economic and Monetary Affairs 15.6.2017 PROVISIONAL AGREEMENT RESULTING FROM INTERINSTITUTIONAL NEGOTIATIONS Subject: Proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 99/2013 of the European Parliament and of the Council on the European statistical ***programme*** 2013-17, by extending it to 2018-2020 (COM(2016)0557 – C8-0367/2016 – 2016/0265(COD)) The interinstitutional negotiations on the aforementioned proposal for a regulation have led to a compromise. In accordance with Rule 69f(4) of the Rules of Procedure, the provisional agreement, reproduced below, is submitted as a whole to the Committee on Economic and Monetary Affairs for decision by way of a single vote. PE607.923v01-00 2/25 AG\1129964EN.docx EN ANNEX Compromise reached at the Trilogue on 6 June 2017. The text in bold or [….] (deleted text) is compared to the Commission proposal REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 99/2013 of the European Parliament and of the Council on the European statistical ***programme*** 2013-17, by extending it to 2018-2020 (Text with relevance for the EEA and Switzerland) THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION, Having regard to the Treaty on the Functioning of the European Union, and in particular Article 338(1) thereof, Having regard to the proposal from the European Commission, After transmission of the draft legislative act to the national parliaments, Having regard to the opinion of the European Economic and Social Committee1, Having regard to the opinion of the Committee of the Regions2, Acting in accordance with the ordinary legislative procedure, Whereas: 1 OJ C […], […], p. […]. 2 OJ C […], […], p. […]. AG\1129964EN.docx 3/25 PE607.923v01-00 EN (1) Reliable, relevant evidence based on European statistics, timely and publicly available for policy making, is absolutely essential to measuring the progress and evaluating the efficiency of the Union’s policies and ***programmes***, especially in the context of the Europe 2020 strategy and the Agenda for jobs, growth, fairness and democratic change.

(1a) European statistics should have a comprehensive Union-wide approach that provides accurate data to assist further integration processes in the Union (1b) The availability of reliable, comprehensive European statistics is an important public good benefiting decision-makers, researchers and the public at large. (1c) A good balance between economic and social goals in the European Semester is particularly important for the sustainability and legitimacy of the economic and monetary union. Accordingly, social and employment goals have become more prominent in the European Semester, with both country reports and country-specific recommendations assessing social and employment challenges and promoting policy reforms based on best practices. To that end, social statistics are of particular importance. 2) Under Regulation (EC) No 223/2009 of the European Parliament and of the Council1, the European statistical ***programme*** is to provide the framework for the development, production and dissemination of high quality European statistics, setting out the main fields and objectives of the actions envisaged for a period corresponding to that of the multiannual financial framework. The European statistical ***programme*** should be implemented by individual statistical actions in accordance with Article 14 of Regulation (EC) No 223/2009. Annual work ***programmes*** should be based on this European statistical ***programme***. 1 Regulation (EC) No 223/2009 of the European Parliament and of the Council of 11 March 2009 on European statistics and repealing Regulation (EC, Euratom) No 1101/2008 of the European Parliament and of the Council on the transmission of data subject to statistical confidentiality to the Statistical Office of the European Communities, Council Regulation (EC) No 322/97 on Community Statistics, and Council Decision 89/382/EEC, Euratom establishing a Committee on the Statistical ***Programmes*** of the European Communities (OJ L 87, 31.3.2009, p. 164). PE607.923v01-00 4/25 AG\1129964EN.docx EN 3) Regulation (EU) No 99/2013 of the European Parliament and of the Council1 covers the period from 2013 to 2017 only, whereas the current multiannual financial framework extends to 2020. It should therefore be amended without delay to extend the European statistical ***programme*** to 2020 and fill statistical gaps where urgently required. (4) In the context of Better Regulation, Union policies should increasingly be designed and monitored on the basis of reliable evidence having a solid statistical basis. European statistics have a distinct role to play in that respect and can make a real difference, especially in policy areas where analytical value based on reliable data and responsiveness are key for policies to be successful. (5) High-quality statistics are therefore crucial to achieving better results and contributing to a better Europe, and greater efforts should be made to boost investments in official statistics at both European and national levels. The European statistical ***programme*** should also provide guidance in priority policy areas and for capacity-building[…..] and ongoing re-prioritisation. […..]. Furthermore, in order to ensure the harmonised approach in achieving the objectives of this Regulation, cooperation with international organisations should be strengthened. (5a) More specifically, action should be taken to tackle the most urgent statistical gaps, increase timeliness and support political priorities and economic policy coordination through the European Semester. The Commission (Eurostat) should also provide new population projections, including as regards migration flows, in close cooperation with the national statistical institutes for the update of the analysis of the social, economic and budgetary implications of population ageing and economic inequalities. (5a) Indicators should be published in a timely manner to support efficient policy making. The Commission (Eurostat) should communicate publicly on timeliness as an aspect of the statistical quality, including the provision of relevant information for any insufficient timeliness that might occur in accordance with Article 12 of Regulation (EC) No. 223/2009. 1 Regulation (EU) No 99/2013 of the European Parliament and of the Council of 15 January 2013 on the European statistical ***programme*** 2013-17 (OJ L 39, 9.2.2013, p. 12). AG\1129964EN.docx 5/25 PE607.923v01-00 EN (6) Experimental ecosystem accounts and climate-change statistics, including those relevant to climate-change adaptation and ‘footprints’, should be further developed using existing datasets. The European Energy Union and the 2030 framework for climate and energy, which aims to make the Union’s economy and energy system more competitive, efficient, secure and sustainable, will require new statistics on energy consumption, energy efficiency, renewable [……] energy sources, energy dependence and security of supply, and the circular economy. 6a) High quality statistics developed, ***produced*** and disseminated under the European statistical ***programme*** 2013 to 2020, in particular innovation, research and development statistics, social statistics, environmental statistics as well as energy and transport statistics should allow the monitoring of objectives and targets of the 2030 Agenda for Sustainable Development to be set at the Union and Member States level, and in this way, contribute to the achievement of such goals. 6a) Progress should be made to improve qualitative and quantitative information that should contribute to the exhaustiveness of national accounts and thus allow for better estimates of the tax gap and tax avoidance. (7) The extension of the ***programme*** is an opportunity that should be taken to make adaptations and reflect the new orientations, in particular in line with ESS Vision 2020, to complement the existing objectives and ongoing prioritisation, and the availability of data in a context where the Union is facing important challenges in terms of economic development and social cohesion. It should also ensure the continued cooperation between the Commission (Eurostat) and the national statistical institutes, the regular dialogues with the European Statistical Advisory Committee and the coordination between the European Statistical System and the European System of Central Banks. The Commission (Eurostat) should monitor Member States’ compliance with the European Statistics Code of Practice. (7a) It is particularly important to measure pockets of high unemployment, including youth unemployment in cross-border regions. PE607.923v01-00 6/25 AG\1129964EN.docx EN (8) An appropriate increase of the budget for statistics at EU level should support these changes to the ***programme*** and […] the ongoing efficiency work of the European Statistical System by bringing significant added value and results for the improvement in the quality of data through large-scale projects, structural leverage effects and economies of scale that can improve statistical systems across the Member States. (9) This Regulation establishes a financial envelope for the extension of the European statistical ***programme*** to cover the years 2018 to 2020. This is to constitute the prime reference amount, within the meaning of point 17 of the Interinstitutional Agreement between the European Parliament, the Council and the Commission1, during the annual budgetary procedure. (9a) The Commission (Eurostat) should give particular consideration, in the extension of the multiannual European statistical ***programme***, to the consequences of the withdrawal of a Member State from the Union. (10) Since the objective of this Regulation, namely to extend the European statistical ***programme*** to cover the years 2018 to 2020, cannot be sufficiently achieved by the Member States and can therefore be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective. (11) In accordance with Regulation (EC) No 223/2009, the draft proposal for an extension of the European statistical ***programme*** for the period 2018 to 2020 has been submitted for prior examination to the European Statistical System Committee, the European Statistical Advisory Committee established by Decision No 234/2008/EC of the European Parliament and of the Council2 and the Committee on Monetary, Financial and Balance of Payments Statistics established by Council Decision 2006/856/EC3, 1 Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management (OJ C 373, 20.12.2013, p. 1). 2 Decision No 234/2008/EC of the European Parliament and of the Council of 11 March 2008 establishing the European Statistical Advisory Committee and repealing Council Decision 91/116/EEC (OJ L 73, 15.3.2008, p. 13). 3 Council Decision 2006/856/EC of 13 November 2006 establishing a Committee on monetary, financial AG\1129964EN.docx 7/25 PE607.923v01-00 EN (12) Regulation (EU) No 99/2013 should therefore be amended accordingly, Article 1 Regulation (EU) No 99/2013 is amended as follows: (1) In Article 1, the following paragraph is added: ‘The ***programme*** shall be extended to cover the period 2018 to 2020.’ (1a) Article 3 is replaced as follows: ‘1. This Regulation provides the ***programming*** framework for the development, production and dissemination of European statistics, the main fields and the objectives of the actions envisaged for the period from 2013 to 2020, in accordance with Articles 13 and 14 of Regulation (EC) No 223/2009. 2. The ***programme*** does not cover measures provided for by the ***Programme*** for the Modernisation of European Enterprise and Trade Statistics (‘the MEETS ***Programme***’), established by Decision No 1297/2008/EC of the European Parliament and of the Council, until the end of the MEETS ***Programme*** on 31 December 2013, but includes objectives in the area of enterprise and trade statistics ***planned*** to be implemented from 2014 to 2020.’ 1a) Article 9 is replaced as follows: In order to implement the ***programme***, the Commission shall adopt annual work ***programmes*** which shall satisfy the requirements laid down in Article 17 of regulation (EC) No 223/2009 and which shall set out the objectives pursued by them and their expected results, in accordance with the general and specific objectives referred to in Article 4(1) and (2) of this Regulation. The Commission shall ensure that an appropriate emphasis is placed on actions aiming at promoting compliance with the Code of Practice. Each annual work ***programme*** shall be communicated to the European Parliament for information purposes. and balance of payments statistics (OJ L 332, 30.11.2006, p. 21). PE607.923v01-00 8/25 AG\1129964EN.docx EN (2) In Article 7(1), the following paragraph is inserted: ‘The Union financial envelope for the implementation of the ***programme*** for 2018 to 2020 shall be EUR 218.1 million, covered by the ***programming*** period 2014 to 2020.’ (3) Article 13 is replaced as follows: ‘Protection of the financial interests of the Union 1. The Commission shall take appropriate measures ensuring that, when activities financed under this Regulation are implemented, the financial interests of the Union are protected through the application of preventive measures against fraud, corruption and any other illegal activities, through consistent and effective checks and, if irregularities are detected, through the recovery of the amounts wrongly paid and, where appropriate, through effective, proportionate and dissuasive administrative and financial penalties. 2. The Commission and the Court of Auditors or their representatives shall have the power of audit, on the basis of documents and on-the-spot checks, over all grant beneficiaries, contractors, subcontractors and third parties who have, directly or indirectly, received Union funds under the ***Programme***. 3. The European Anti-Fraud Office (OLAF) may carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council1 and in Council Regulation (Euratom, EC) No 2185/962 with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with a grant agreement or grant decision or a contract funded, directly or indirectly, within the framework of this Regulation. 1 OJ L 248, 18.9.2013, p. 1. 2 OJ L 292, 15.11.1996, p. 2. AG\1129964EN.docx 9/25 PE607.923v01-00 EN 4. Cooperation agreements with third countries and international organisations and grant agreements and grant decisions and contracts resulting from the implementation of this Regulation shall expressly empower the Commission, the Court of Auditors and OLAF to conduct such audits, on-the-spot checks and inspections. 5. Where the implementation of an action is outsourced or sub-delegated, in whole or in part, or where it requires the award of a procurement contract or financial support to be given to a third party, the contract, grant agreement or grant decision shall include the contractor's or beneficiary's obligation to impose on any third party involved explicit acceptance of those powers of the Commission, the Court of Auditors and OLAF. 6. Paragraphs 4 and 5 shall apply without prejudice to paragraphs 1, 2 and 3.’ (3a) In Article 15(2), the following subparagraph is added: ‘The Commission (Eurostat) shall submit a progress report on the implementation of the ***programme*** to the ESSC by 31 December 2019. That report shall detail the Commission’s view on the outlook for the European statistical ***programme*** within the multiannual financial framework starting in 2021. That report shall be submitted to the European Parliament and to the Council.’ (4) Article 15(3) is replaced by the following: ‘By 31 December 2021, the Commission shall, after consulting the ESSC and the European Statistical Advisory Committee, submit a final evaluation report on the implementation of the ***programme*** to the European Parliament and to the Council. The report shall evaluate in particular the outcome of reprioritisation and cost evaluation of statistical products, the actions taken by the European Statistical System to reduce the implementation and production costs for Member States and to limit the overall burden stemming from the statistical projects and fields covered by the ***programme***, the progress on rendering access to official statistics easier and more user-friendly, including the provision of data on its website, and the progress on the improvement of data availability, including on social economy activities and on the Europe 2020 indicators.’ (5) The Annex is amended as set out in the Annex to this Regulation. PE607.923v01-00 10/25 AG\1129964EN.docx EN Article 2 […] It shall enter into force on the […] 20th day following that of its publication in the Official Journal of the European Union. It shall apply from 1 January 2018. This Regulation shall be binding in its entirety and directly applicable in all Member States. The Annex to Regulation (EU) No 99/2013 is amended as follows: (-1) The title of the Annex is replaced by the following: ‘Statistical infrastructure and objectives of the European statistical ***programme*** 2013 to 2020’ (-1a) In the introduction, the first subparagraph is replaced by the following: ‘The implementation of Union policies requires high-quality, comparable and reliable statistical information about the economic, social, territorial and environmental situation in the Union and its components at national and regional level. European statistics are also indispensable for Europe, allowing the general public and European citizens to understand as well as to take part in the democratic process and debate about the present and future of the Union.’ (-1b) In the introduction, the second subparagraph is replaced by the following: ‘The European statistical ***programme*** provides for the legislative framework for the development, production and dissemination of European statistics over the period 2013 to 2020.’ (-1c) In the introduction, the fourth subparagraph is replaced by the following: ‘Statistics developed, ***produced*** and disseminated under the European statistical ***programme*** 2013 to 2020 (‘the ***programme***’) contribute to the implementation of the AG\1129964EN.docx 11/25 PE607.923v01-00 EN Union’s policies as reflected in the TFEU and Europe 2020 and its respective flagship initiatives and other policies set out in the Commission’s ***strategic*** priorities.’ PE607.923v01-00 12/25 AG\1129964EN.docx EN (-1d) Objective 1 is replaced by the following: ‘— Objective 1: provide statistical information in a timely manner, to support the development, monitoring and evaluation of the policies of the Union properly reflecting priorities, while keeping a balance between economic, social, territorial and environmental fields and serving the needs of the wide range of users of European statistics, including other decision-makers, researchers, businesses and European citizens in general, in a cost-effective manner without unnecessary duplication of effort;’ (1) Point I. Statistical Outputs is amended as follows: (-a) In point 1.1, the first subparagraph is replaced by the following: Endorsement of the Europe 2020 strategy for smart, sustainable and inclusive growth by the June 2010 European Council has shaped to a large extent the ***strategic*** agenda for the Union and national policies in the years ahead. Within that agenda, a number of targets and initiatives for which statistical indicators have to be delivered by the ESS has been agreed in a number of areas (i.e improving the conditions for innovation, research and development, promoting decent jobs, promoting gender equality, meeting Union climate change and energy objectives, resource efficiency, improving education levels, including reducing early school leaving, increasing lifelong vocational training and learning mobility, active and healthy and active ageing, promoting social inclusion, and reducing poverty. Where appropriate, gender-disaggregated statistics are needed in order to understand what gender-based discrimination involves, with a focus on gender-based violence.’ (a) In Objective 1.1.1, the first paragraph is replaced by the following: ‘Provide high-quality statistical information, which [……] shall be available in a timely manner for the European Semester, to monitor the implementation of Europe 2020 strategy. New indicators shall, to the extent possible, be based on available statistical data.’ AG\1129964EN.docx 13/25 PE607.923v01-00 EN (aa) In Objective 1.1.1, the fourth indent is replaced by the following: ‘- employment indicators distinguishing between part-time and full-time employment and between fixed-term contracts and permanent contracts, as well as indicators on unemployment that take into account people in activation policies such as training. These indicators should also include data on gender divides.’ (b) In Objective 1.2.1, the second indent is replaced by the following: ‘— providing statistical input for an enhanced Stability and Growth Pact specifically aimed at the production and provision of high-quality statistics on government deficit and debt;’ (ba) In Objective 1.2.1, the following indent is inserted after the second indent: ‘ - providing statistical input for efficiently monitoring economic inequalities.’ (bb) In Objective 1.3.1, the first subparagraph is replaced by the following: ‘Enhance the indicators and statistical information available on economic globalisation and global value chains for Union decision-makers and the public at large. That information should make for a better understanding of the economic, social and environmental impact of globalisation’ (bc) In Objective 1.3.1, the following indent is inserted after the second indent: ‘— provide the data that allow for an analysis of the positive and negative consequences for the European market, in particular the Union’s labour market;’ c) In Objective 1.3.1, the third indent is replaced by the following: '— the analysis of the global value chains, possibly through appropriate input/output tables, and foreign trade and business statistics, including micro-data linking; and the coordination of […..] outputs of this analysis […..] with the international initiatives of Union interest; and' d) Point 2 is replaced by the following: PE607.923v01-00 14/25 AG\1129964EN.docx EN ‘2. Accounting frameworks The Commission Communication of 20 August 2009 entitled ‘GDP and beyond: Measuring progress in a changing world’, and the publication of the Stiglitz-Sen-Fitoussi Report on the Measurement of Economic Performance and Social Progress have given new impetus to the key challenge for the ESS, namely how to achieve better statistics on cross-cutting issues and more integrated statistics to describe complex social, environmental and economic phenomena beyond the traditional measures of economic output. Work on GDP and beyond within the ESS focuses on three priority areas: statistics for the household sector and statistics measuring the distribution of income, consumption and wealth; measuring quality of life in a multidimensional way; and measuring environmental sustainability. The new worldwide Sustainable Development Goals (SDGs) adopted in 2015 provide further impetus. The European System of National and Regional Accounts (ESA) offers an integrated and consistent framework for all economic statistics that should be complemented by other indicators in order to provide more comprehensive information for policy- and decision-making. Full implementation of the ESA 2010 will be supported by regular quality and compliance assessments, taking into account the progressive expiry of derogations until 2020, leading to further improvements in the timeliness and availability of indicators.’ (da) In point 2.1 the first paragraph is replaced by the following: ‘The economic crisis has reinforced the need to have high-quality macroeconomic indicators in order to better understand and analyse economic fluctuations as well as the evolution of economic inequalities and their effects on society, thereby facilitating the decision-making process. Increasingly globalised production makes it necessary to develop a consistent framework that facilitates the interpretation and integration of statistics from different domains.’ e) Objective 2.1.1 is amended as follows: -i) The second indent is replaced by the following: AG\1129964EN.docx 15/25 PE607.923v01-00 EN ‘— the production of indicators on income, consumption and wealth distribution across households, and the reconciliation of national accounts aggregates with household survey data or administrative data;’ PE607.923v01-00 16/25 AG\1129964EN.docx EN i) The fourth indent is replaced by the following: ‘— reinforcement of links with national accounts in the areas of social protection, health and education; ‘— development of a measurement framework of quality of life, reinforcing the household perspective in national accounts; ‘— development of ‘GDP and beyond’ related indicators measuring environmental sustainability and external effects with a national account perspective;’ ii) The following new indents are inserted after the fifth indent as follows: ‘— further development of timely social indicators, including advanced techniques for now-casting and flash estimates; — supporting international data sharing for macroeconomic data to reduce the burden for data ***producers*** and improve the availability of comparable and consistent data to users; ‘— development and fine-tuning of aggregated indicators of income and aspects of wealth inequality; ‘— measurement and analysis of gender inequality, including the wage gap;’ (f) In Objective 2.1.2, the last indent is replaced by the following: '— the availability and extension of harmonised housing price statistics for all Member States.' (g) In Objective 2.2.1, the indents are replaced by the following: ‘— further development of a coherent system of environmental accounts as ‘satellite accounts’ to the main national accounts, providing information on atmospheric emissions, energy consumption, flows of natural resources, trade in raw materials, environmental taxation and spending on environmental protection, possibly including green growth/procurement; AG\1129964EN.docx 17/25 PE607.923v01-00 EN — further development of experimental ecosystem accounts that would allow the use of existing datasets, including those compiled by EU institutions, as part of a long-term data integration initiative; — further development work to better use existing data collections for [….] climate change-related statistics; and — further development of indicators measuring environmental 'footprints' based on existing datasets.’ h) Objective 3.1.1 is amended as follows: i) The first paragraph is replaced by the following: ‘Increase the efficiency and effectiveness of statistical production processes [……]. In line with the [……] Better Regulation Agenda, [……] the existing legislation related to the pillar of business statistics [……] needs to be streamlined. In [……] this context, due consideration should be given to the limitations of the resources available to ***producers*** and the overall burden on respondents in line with the Commission Regulatory Fitness and Performance ***Programme*** (REFIT). Provide high-quality statistics on key areas where enterprises are the centre of interest, such as business statistics, short-term indicators, their investment in human capital and skills, international transactions, globalisation, internal market monitoring, [……] research, development and innovation, and tourism. Special attention should be paid to the availability of data in high value-added industrial or services sectors, in particular in the green, digital, collaborative, health, education and social economy’ ii) The first indent is replaced by the following: '— the reuse of data available in the statistical system or in society, a common legal basis for [……] business [……] statistics and the production of a common infrastructure and of common tools;' PE607.923v01-00 18/25 AG\1129964EN.docx EN (i) Objective 3.2.1 is amended as follows: - i) The first paragraph is replaced by the following: ‘Provide statistics on key the main areas of social policy where the citizen is the centre of interest, such as well-being, sustainability, social cohesion, poverty, inequalities, demographic challenges (in particular population ageing, depopulation, population dispersion and migration), the labour market, education and training, including childhood education, adult learning, vocational training and learning mobility of young people, culture, physical activity, quality of life, safety, health, disability, consumption, free movement and the internal market, mobility of young people, technological innovation and new lifestyle choices. Those statistics shall be disaggregated by gender, where appropriate, for groups that are of special interest to social policy makers. Priorities shall be set in accordance with Article 6. In line with the Better Regulation Agenda, the existing legislation related to the pillar of social statistics needs to be streamlined. In this context, due consideration should be given to the limitations of the resources available to ***producers*** and the overall burden on respondents in line with the Commission Regulatory Fitness and Performance ***Programme*** (REFIT).’ -ia) The fourth indent is replaced by the following: ‘— the provision of statistics on inequalities of income, with indicators such as the Gini Index and the evolution of the top deciles of income distribution providing a comparable national headline indicator, as well as data on inequalities of access to basic goods and services;’ i) The seventh indent is replaced by the following: ‘— the implementation of actions of the work ***programme*** on mainstreaming of migration statistics taking into account new challenges, in particular international developments;’ ii) The following new indents are inserted after the seventh indent as follows: ‘— the provision of population projections and of their annual updates; AG\1129964EN.docx 19/25 PE607.923v01-00 EN ‘— the development of comprehensive indicators on the situation of migrants within the Union; PE607.923v01-00 20/25 AG\1129964EN.docx EN ‘— further cooperation with specialised agencies concerning the situation of refugees; ‘— the development of a methodology for a gender based violence survey of the voluntary nature in cooperation with the European institutions, bodies, offices, or agencies acting in this field; ‘— the putting in place of a common legal basis for social statistics and the production of a common infrastructure and of common tools;’ (j) In Point 3.3, the third paragraph is replaced by the following: ‘***Agriculture*** will remain an important Union policy area. The Common ***Agricultural*** Policy underlined needs for its main objectives namely for viable food production, for sustainable management of natural resources and climate ac

tion as well as for balanced territorial development. Focus will be on environmental, biodiversity/ecosystem-related, economic, human health and safety and social dimensions. ’ (k) Objective 3.3.1 is amended as follows: i) The first paragraph is replaced by the following: ‘Support evidence-based policy-making by a more flexible and increased use of spatial information combined with social, territorial, economic and environmental statistical information for regions, regional typologies, cities and the degree of urbanisation. ’ ii) Two new indents are added as follows: ‘— the implementation of land use and land cover statistics [……] — coordination of statistical data for regions, [……], cities and [……] territorial typologies.’ AG\1129964EN.docx 21/25 PE607.923v01-00 EN (l) Objective 3.3.3 is amended as follows: i) A second paragraph is inserted as follows: ‘In line with the ‘European Energy Union’ priority of the Commission, and to the highest possible extent based on existing data, particular focus will be given to statistics related to energy consumption, energy efficiency, renewable [……] energy sources, energy dependence, aspects of energy poverty and security of supply, and the circular economy. Furthermore, energy statistics will need to support the 2030 policy framework for climate and energy that aims to make the Union’s economy and energy system more competitive, secure and sustainable.’ ii) A new indent is added as follows: ‘— energy dependence and security of supply. ’ (m) Objective 3.3.4 is amended as follows: i) The first paragraph is replaced by the following: 'Provide ***agriculture***, fisheries and forestry statistics for the development and monitoring of the Common ***Agricultural*** and Fisheries Policies, reflecting key European ***strategic*** objectives related to sustainability as well as rural development by carrying out regular activities related to the development, production and dissemination of statistics. In line with the Better Regulation Agenda, the existing legislation related to the ***agricultural*** statistics needs to be streamlined. In this context, due consideration should be given to the limitations of the resources available to ***producers*** and the overall burden on respondents in line with the Commission Regulatory Fitness and Performance ***Programme*** (REFIT).' ii) New indents are added as follows: '— the preparation and implementation of the ***Agricultural*** Census scheduled for 2020; — the putting in place of a common legal basis for ***agriculture*** related statistics and the production of a common infrastructure and of common tools.' PE607.923v01-00 22/25 AG\1129964EN.docx EN (la) The following paragraph is added before the first paragraph of Objective 4.1: European citizens should be able to draw easily and without obstacles on European statistics to enable them to use such data for their education and decision-making. That objective will be implemented by enhancing the user-friendliness of European statistics and by facilitating access to data. Special attention should be paid to easy retrievability and convertibility of statistical data for practical use, including through graphs and maps. A broader range of citizens should benefit from European statistics in order to effectively contribute to enhancing the dissemination of statistical information throughout European societies.’ (2) Point II. Production Methods of European Statistics is amended as follows: (a) The first paragraph is replaced by the following: ‘The ESS is currently facing a number of challenges: the expectations on the scope, quality and comparability of European statistics are increasing; with globalisation, a complex reality has emerged that has to be captured by official statistics and raises methodological challenges; the ever increasing availability of data from private and public providers offer a [……] potential to improve the timeliness and relevance of official statistics as well as to reduce response burden. To face these challenges, while at the same time confronted with constraints on resources, the European Statistical System will gradually implement ***strategic*** goals defined [……] in the ESS Vision 2020, building upon a holistic approach to reach quality and efficiency gains: — to engage proactively in a regular dialogue with users to understand deeper their needs, recognising that different user groups have different needs that need to be addressed in the right way. — to provide high quality products and services and apply a quality approach to the management, organisation, and governance of the ESS. AG\1129964EN.docx 23/25 PE607.923v01-00 EN — to base statistical products and services on both traditional surveys and [……] other sources, including administrative data, geospatial and, where possible, big data. To get access to new data sources, create methods and find suitable technology in order to use [……] such data sources to ***produce*** European statistics in a reliable way. PE607.923v01-00 24/25 AG\1129964EN.docx EN — to improve the efficiency of statistical production by further intensifying the sharing of knowledge, experiences and methodologies but also by sharing tools, data, services and resources where appropriate and duly justified. [……] The collaboration will be based on agreed standards and common elements of technological and statistical infrastructure. — to implement a dissemination and communication strategy for European statistics which is flexible enough to adapt to emerging technologies, gives guidance in a world of data revolution and serves as a reliable pillar of democracy.‘ (b) In Objective 1.1, the first indent is replaced by the following: ‘— the introduction of new integrated, effective and fit-for purpose quality assurance mechanism based on the Code of Practice and the ESS Quality Assurance Framework; — assessment of compliance with the Code of Practice;’ [……][……] (d) In Objective 4.1, a new indent is added as follows: ‘— the identification of current and future data requirements to provide multi-purpose and customised end-user products and services [……]; (e) In Objective 5.1, a new indent is inserted after the third indent as follows: ‘— the analysis of needs for new skills related to data science and their integration into training ***programmes***; ’ AG\1129964EN.docx 25/25 PE607.923v01-00 EN (3) Point III. Partnership is amended as follows: (a) In Objective 1.4, three indents are inserted after the fourth indent as follows: ‘— raising awareness of Union citizens to the importance of official statistics and its communication to all stakeholders by celebrating the European Statistics Day on 20 October each year; — disseminating relevant statistical data to support the European Neighbourhood Policy and the respective Association Agreements; — promoting European values and initiatives such as the European Statistics Code of Practice, ESS Quality Assurance Framework, standardisation and harmonisation approaches to third countries and regions;’

**Load-Date:** August 1, 2017

**End of Document**



[***Top news from Polish politics, economy, business & financial markets - 19:30; BUSINESS & EQUITY MARKET NEWS***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:64R9-6WV1-JCG5-H1JB-00000-00&context=1516831)

PAP Market Insider

July 3, 2017 Monday 7:30 PM CET

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**Length:** 2198 words

**Byline:** Posadzy Magdalena

**Highlight:** Following is a digest of the day's top news as compiled by PAP Market Insider.

**Body**

BUSINESS & EQUITY MARKET NEWS

PRIMARY/ TELECOM / P4 - Poland's mobile telco P4, the operator of the Play network, will offer up to 121.57 mln existing shares in its IPO, with maximum price set at PLN 44 per share, capping the value of the offer at PLN 5.35 bln, Play's issue prospectus shows.

BANKING - Polish banks generated PLN 1.33 bln in aggregate net profits in May, up by 35.4% y/y, to bring the January-May take to PLN 5.29 bln, down 2.0% y/y, a fresh set of data from central bank NBP showed.

FOOTWEAR/ CCC - Listed footwear retailer CCC sticks to its ***plans*** for PLN 4 bln in revenues in 2017 after posting PLN 1.8 bln in revenues in H1, and expects gross margin to hold flat y/y, deputy CEO Marcin Czyczerski told PAP.

NATURAL GAS/ PGNIG - Polish gas group PGNiG launched gas and oil production from Norwegian Gina Krog deposit, in which it has an 8% stake, and expects it will have a significant impact on its 2017 production from the Norwegian continental shelf, the company said in a press statement.

FOOTWEAR/ CCC - Listed footwear retailer CCC increased June group revenues by 46.4% to PLN 376 mln, bringing YTD sales to PLN 1.845 bln, a 32.3% increase, management said in a market filing.

POWER / TAURON - Listed power group Tauron is facing a PLN 1.2 bln claims from American firm Invenergy file in relation to the termination of a long-term contract for the purchase of electricity and green certificates, Invenergy said, citing a suit against Tauron filed on Monday.

SERVICES / WORK SERVICE - Listed HR company Work Service sold its unit ITK to asset management firm Oaktree Capital Management for PLN 146.86 mln and another unit ProService Worldwide to its shareholder Prologics for PLN 7 mln plus a "guarantee price" of PLN 20.5 mln, the company reported in two market filings.

FOOTWEAR/ CCC - Listed Polish footwear retailer CCC may issue up to EUR 100 mln in convertible bonds in the autumn this year, deputy CEO Marcin Czyczerski told PAP.

CLOTHING / LPP - Listed fashion retailer LPP increased its consolidated revenues by 13% to ca. PLN 627 mln, while gross margin on sales rose by 5 pps y/y to 52%, the firm said in a market filing.

CLOTHING/ LPP - Fashion group LPP will start using USD/PLN forward transactions as of Q3, covering the equivalent of 70% volume of USD payments, the company said in a market filing.

BANKING - Polish banks enjoyed a PLN 172 mln or 0.2% decline in impaired loans to the non-financial sector to PLN 70.51 bln at end-May to render a 6.9% NPL rate against gross book, flat month on month, the central bank said in a report.

TELECOM/ PLAY - Mobile telco Play, which has just launched an IPO, sports a good chance of joining the WIG20 index ranks, based on its valuation and free-float potential, offering brokerage DM PKO BP director Filip Paszke told a news conference on Play's IPO.

FINANCIALS/ KRUK - Listed debt collector Kruk got an up to EUR 250 mln 5Y revolving credit facility from a consortium of banks for financing or refinancing debt portfolio purchases on European markets other than Poland, Kruk said in a market filing.

BANKING/ SKOK NIKE - Savings & loan institution SKOK Nike with deposits totaling PLN 124 mln was declared bankrupt by a Warsaw court, financial market supervisor KNF said in a statement.

ENERGY/ PGE - Listed power utility PGE signed letters of intent with towns of Pionki and Wolbrom on investments in heat installations, as the firm is starting to roll out its strategy of building up heat services in smaller towns, the company said in a press statement.

REAL ESTATE / RONSON - Listed real estate developer Ronson Europe introduced to its offer 94 apartments in the Miasto Marina project located in Wroclaw, the company said in a press statement.

HOUSEBUILDING, REAL ESTATE/ MARVIPOL - Real estate and automotive company Marvipol's shareholders decided to allocate PLN 34.1 mln to dividend translating into a DPS of PLN 0.82, the company reported in a market filing. The figure comprises PLN 33.5 mln retained earnings and PLN 0.6 mln 2016 profit.

COAL/ JSW - Coking coal group JSW in cooperation with partners will analyze the possibility of ***producing*** pellet out of coal dust and coak sludge, JSW said in a press statement citing a letter of intent signed with PG Energy Capital Management.

IT/ SYGNITY - IT firm Sygnity was called by investment fund managers AXA TFI and Pioneer TFI to earlier redeem PLN 5.6 mln worth of bonds held by their funds, Sygnity said in a market filing.

REAL ESTATE/ ROBYG - Residential developer Robyg decided to earlier redeem 40 mln O-series bonds maturing in August 2019 of PLN 100 nominal value each, Robyg said in a market filing, citing a management resolution.

CHEMICALS/ POLICE - Chemical firm Police, unit of Grupa Azoty, got the green light to seek compensations from the previous management board member in relation to the reportedly multi-million losses incurred by the company due to those officials, shareholders decided on Monday.

CLOTHING/ PROTEKTOR - Military and protective footwear maker Protektor will pay a PLN 0.23 DPS translating into a dividend of PLN 4.37 mln, resolutions from the company's GSM show.

HOSPITALITY / SFINKS - Listed restaurant operator Sfinks shareholders approved entitling the management to raise company's capital through a share issue within the target capital, the company said in a market filing.

CONSTRUCTION/ BUDIMEX - Listed builder Budimex was granted an extension of its PLN 800 mln guarantee deal from Pekao by a year to the end of June 2018, the company said in a market filing. Also, Budimex increased the limit of its guarantee deal with BGZ BNP Paribas to PLN 350 mln from PLN 205 mln and extended the facility until April 30, 2018, a separate filing showed.

CONSTRUCTION/ HERKULES - Listed construction services firm Herkules shareholders approved PLN 0.16 DPS from 2016 profits or a total payout of PLN 6.9 mln, above the management's recommendation of PLN 0.13 DPS, the company said in a filing.

IT/ CUBE.ITG - Listed IT company Cube.ITG ***plans*** a private issue of up to 10 mln C-series shares to raise means for development and realization of ***strategic*** goals, the company said in draft resolutions for an EGM slated for July 31.

AUTOMOTIVE / INTER CARS - Listed automotive distributor Inter Cars reinstated basic operations of its IT systems following a last week's failure likely caused by a cyberattack, the company said in a filing.

ASSET MANAGEMENT/ SKARBIEC HOLDING - Listed asset manager Skarbiec Holding extended its supervisory board by three new members to seven, including Michal Sapota, the CEO of Murapol, which holds a 33% stake in Skarbiec, Skarbiec said in a market filing.

REAL ESTATE/ LOKUM DEWELOPER - Listed real Lokum Deweloper sold 321 apartments in Q2 2017 versus 136 a year earlier and will book sales of 9 apartments rather than 111 in Q2 2016, the company said in a filing.

FASHION/ PROCHNIK - Listed fashion group Prochnik saw its CEO Rafal Bauer step down and was replaced by supervisory board deputy chairman Julian Kutrzeba, Prochnik said in a filing.

TECHNOLOGY, REAL ESTATE/ IPO/ MORIZON - NewConnect-listed real estate services firm Morizon will debut on the WSE's main market on July 5, the company said in a statement.

EQUITY RESEARCH - Following is a list of recent recommendations published on July 3:

|  |  |  |  |
| --- | --- | --- | --- |
| Company | Recommendation | Target price | Brokerage |
| Pfleiderer | buy | PLN 54 | Trigon DM |
| Echo Investment | accumulate | PLN 6.64 | DM mBank |
| KGHM | buy | PLN 132.22 | DM mBank |
| Azoty | buy | PLN 74.30 | DM mBank |

ECONOMIC & FINANCIAL NEWS

ECONOMY / PMI - Poland's manufacturing sector purchasing managers' index PMI increased to 53.1 points in June from 52.7 points in May, indicating "a solid improvement in business conditions," a report by IHS Markit showed.

UNEMPLOYMENT - Poland's seasonally-adjusted unemployment rate stabilized m/m in May at 4.8 %, according to harmonized unemployment rate report from EU stats office Eurostat.

STATE BUDGET, TAXES / VAT - Poland's "normalized" VAT receipts increased by 15% y/y in May and slightly faster in June, deputy PM Mateusz Morawiecki told PAP.

STATE BUDGET, TAXES - Effects of Poland's tax system tightening measures in H1 2017 exceeded the net funds inflows Poland received from EU in 2016, deputy Prime Minister Mateusz Morawiecki told a congress of ruling party PiS.

COAL - Polish coal miners sold 5.63 mln tons of coal in May, up from 5.17 mln in April and from 5.41 mln in the prior-year period, industry restructuring agency ARP said in a statement.

EU FUNDS - Poland received EUR 4.318 bln in EU funds inflow in January-May, with May inflow reaching EUR 724.6 mln, the Finance Ministry said in a statement.

GDP - Poland stands by the 3.6% GDP growth forecast in the full 2017 after Q2 proved a successful period for the Polish economy, deputy PM Mateusz Morawiecki told PAP.

HOUSING SCHEME - Poland has secured close to 1 mln sqm of land plots for the purposes of the housing scheme Mieszkanie plus, state bank BGK unit in charge of the ***program*** BNKN board member Grzegorz Muszynski said for broadcaster Jedynka on Saturday.

HOUSING ***PROGRAM*** - Poland sports some 1,200 apartments under construction within the framework of the Mieszkanie+ ***program***, bank BGK real estate unit BGKN CEO Miroslaw Barszcz said, as cited by BGKN press statement.

INFLATION, CEREAL PRICES - Cereal prices in Poland should stabilize in 2017, ***Agriculture*** Minister Krzysztof Jurgiel told PAP.

INSOLVENCIES - The number of corporate insolvencies in Poland increased by 18% y/y to 387 cases in H1 2017, researcher Coface said in a report.

PUBLIC FINANCE - Poland wants to introduce lower social security premiums for smallest entrepreneurs as of January 1, 2018, deputy PM and science and higher education minister Jaroslaw Gowin from Polska Razem told a press conference on Monday. Polska Razem wants to convince the ruling party PiS to proceed the bill as an MP-drafted initiative to assure the fastest implementation possible, Gowin said.

INFLATION - Poland's online store prices fell by 0.1% m/m in June, marking the first monthly decline in 2017-to-date, according to estimates by think tank CASE.

SOCIAL HOUSING - Polish city of Gdyni may see the first handovers of flats built within the state housing ***program*** Mieszkanie Plus in 2018. The construction of 171 Mieszkanie Plus flats officially launched there on Monday.

FINANCIAL MARKETS

FX, FI - Poland's Treasury market enjoyed yield declines across the curve on Monday, boosted by low supply for Q3, while the zloty somewhat weakened but its depreciation should be capped at 4.25 vs the euro, a local player told PAP.

FX & FI SPOT MARKET PRICES

|  |  |  |  |
| --- | --- | --- | --- |
| Tue | Mon | Fri |  |
| 15:00 | 09:54 | 16:10 |  |
| EUR/PLN | 4,237 | 4,228 | 4,224 |
| USD/PLN | 3,727 | 3,71 | 3,698 |
| PS0719 | 1,86 | 1,88 | 1,88 |
| PS0422 | 2,60 | 2,64 | 2,66 |
| DS0727 | 3,26 | 3,31 | 3,31 |

EQUITY MARKET

Polish blue-chip index WIG20 closed up by 1.04% to 2323.7 pts on Monday with strongest gains visible in the final minutes of trade. The index spent the entire session in the black, with modest gains of 0.3-0.6%. Banks led the Monday gains, with BZ WBK up by 3%, PKO BP by 2.9% and mBank 2.8%. Most traded stock, KGHM copper, was up by 0.6%.

WSE INDEXES

|  |  |  |
| --- | --- | --- |
| Index | Value | Change |
| WIG | 61392,77 | +0,61% |
| WIG20 | 2323,74 | +1,04% |
| WIG20TR | 3966,73 | +1,04% |
| mWIG40 | 4895,84 | -0,24% |
| sWIG80 | 16020,85 | -0,3% |
| WIG30 | 2687,68 | +0,9% |

MOST ACTIVES

|  |  |  |  |
| --- | --- | --- | --- |
| Company | Price | Change | Turnover |
| PLN | (%) | PLN mln |  |
| KGHM | 111,30 | 0,59 | 62,3 |
| PKNORLEN | 111,35 | -0,49 | 37,3 |
| PKOBP | 35,47 | 2,93 | 32,3 |
| PEKAO | 126,25 | 1,16 | 30,0 |
| PZU | 44,98 | 0,87 | 26,0 |
| CCC | 231,00 | 2,67 | 17,3 |

POLITICAL & GOVERNMENT NEWS

JUDICIARY REFORM - Polish judiciary reform is "an absolutely fundamental" issue and has to be conducted, ruling party PiS leader Jaroslaw Kaczynski said at party congress on Saturday.

CABINET - Deputy PM Mateusz Morawiecki will meet ruling party PiS leader Jaroslaw Kaczynski and PM Beata Szydlo in connection with Kaczynski's suggestions on the need to clarify the economic leadership in the cabinet, Morawiecki said on Saturday.

PARTIES/ PO - Opposition party PO set up a team to prepare the ***program*** for 2018 local election and will adopt the ***program*** at the party convention slated for October, PO leader Grzegorz Schetyna said on Saturday at the party's national council meeting. The ***program*** will touch upon, among others, such issues as further decentralization of the state and increasing the independence of local governments.

SCIENCE, BUDGET - Poland Together, an allied political grouping of the ruling party PiS, will strive to find an additional PLN 1 bln for science in the next year's budget, the grouping's leader Jaroslaw Gowing said at the congress of PiS and its allies on Saturday.

CABINET, PERSONNEL - Polish PM Beata Szydlo could conduct some personnel changes in the cabinet at any time, should she decide that one of the ministers fails to meet some requirements, deputy Senate Speaker Adam Bielan told public radio broadcaster Trojka.

INTERNATIONAL AFFAIRS - Poland would like US president Donald Trump to make a

declaration during his visit to Poland this week on US troops remaining in Poland as long as there's a threat to the region, foreign affairs minister Witold Waszczykowski told journalists on Monday. Donald Trump is to be

accompanied by state secretary Rex Tillerson, treasury secretary Steven Mnuchin and the national security council's head gen. H.R. McMaster, he added.

mie/ fbe/ mbn/ aga/ maf

**Load-Date:** February 25, 2022

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[***United States and Ghana Promote Seed Sector Development***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PBS-R7B1-JD3Y-Y17S-00000-00&context=1516831)

M2 PressWIRE

August 28, 2017 Monday

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**Length:** 385 words

**Body**

August 28, 2017

On August 24, the United States Agency for International Development (USAID), through the U.S. government's Feed the Future Initiative, launched the National Seed Trade Association of Ghana (NASTAG), in collaboration with the Ministry of Food and ***Agriculture*** and other development partners. NASTAG is a partnership between ***producers***, traders, government institutions and processors in the seed industry. The Association aims to spur private sector investment and promote the use of high-quality certified seed. In attendance were, USAID/Ghana ***Agriculture*** Team Leader Jenna Tajchman and Deputy Minister of ***Agriculture*** Honorable Dr. Sagre Bambangi, who highlighted the importance of growing Ghana's seed industry to build a food secure future.

At the event, seven new Executive Council Members of the Association were inducted into office to grow the competitiveness of Ghana's seed industry. The Executive Council will work to strengthen the business and technical skills of its members, promote collaboration between seed value chain actors, and advocate on regulations, standardization and the provision of general seed information to all stakeholders.

The Government of Ghana has prioritized seed as a pillar in its flagship ***agriculture*** ***program***, 'Planting for Food and Jobs,' and NASTAG will play a leading role in its implementation. In Ghana, promoting the growth of the seed industry and ensuring access to quality certified seed has the potential to boost ***agricultural*** productivity, as well as enhance food and nutrition security in the country.

'We believe improving the seed sector is critical to Ghana's economic growth. Developing Ghana's seed sector is a top priority for USAID and its partners, and today's launch is a milestone for the sector's growth,' remarked Mrs. Tajchman. 'NASTAG is a critical and necessary organization to develop Ghana's seed sector.'

USAID and its Feed the Future partners support NASTAG with ***strategic*** ***planning***, technical assistance, and increasing access to quality seeds for Ghanaian farmers. In Ghana, Feed the Future works to enhance ***agricultural*** productivity, links farmers to market and trade opportunities, and boost the nutrition of the most vulnerable populations.

Distributed by APO on behalf of Embassy of the United States - Accra - Ghana.

**Load-Date:** August 28, 2017

**End of Document**



[***Washington: DEPARTMENT OF THE INTERIOR, ENVIRONMENT, AND RELATED AGENCIES APPROPRIATIONS ACT, 2018***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PFY-RWN1-F0YC-N49W-00000-00&context=1516831)

Impact News Service

September 9, 2017 Saturday

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**Length:** 12718 words

**Body**

Washington: The Library of Congress, The Government of USA has issued the following house proceeding:

 The SPEAKER pro tempore. Pursuant to House Resolution 500 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the state of the Union for the further consideration of the bill, H.R 3354. Will the gentleman from Alabama (Mr. Palmer) kindly take the chair. {time} 1424 In the Committee of the Whole Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R 3354) making appropriations for the Department of the Interior, environment, and related agencies for the fiscal year ending September 30, 2018, and for other purposes, with Mr. Palmer in the chair. The Clerk read the title of the bill. The Acting CHAIR.

When the Committee of the Whole rose earlier today, amendment No. 88 printed in part B of House Report 115-295, as modified, offered by the gentleman from Iowa (Mr. King) had been disposed of. Announcement by the Acting Chair The Acting CHAIR. Pursuant to clause 6 of rule XVIII, proceedings will now resume on those amendments printed in part B of House Report 115-295 on which further proceedings were postponed, in the following order: Amendment No. 71 by Mr. Castro of Texas. Amendment No. 74 by Ms. Roybal-Allard of California. Amendment No. 75 by Mr. Castro of Texas. Amendment No. 76 by Mr. Correa of California. Amendment No. 77 by Mr. Hunter of California. Amendment No. 80, as modified, by Mr. King of Iowa. Amendment No. 81 by Mr. Castro of Texas. Amendment No. 84 by Ms. Jayapal of Washington. The Chair will reduce to 2 minutes the minimum time for any electronic vote in this series. Amendment No. 71 Offered by Mr. Castro of Texas The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Texas (Mr. Castro) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This will be a 2-minute vote. The vote was taken by electronic device, and there were--ayes 205, noes 207, not voting 21, as follows: [Roll No. 459] AYES--205 Adams Aguilar Barragan Barton Bass Beatty Bera Beyer Bishop (GA) Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Bucshon Burgess Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Clyburn Coffman Cohen Connolly Conyers Cooper Correa Costello (PA) Courtney Crowley Cuellar Davis (CA) Davis, Danny DeFazio Delaney DeLauro DelBene Demings DeSaulnier Dingell Doggett Doyle, Michael F. Dunn Ellison Engel Eshoo Espaillat Esty (CT) Evans Farenthold Fitzpatrick Foster Frankel (FL) Fudge Gabbard Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Herrera Beutler Higgins (NY) Himes Hoyer Huffman Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Kaptur Katko Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind Krishnamoorthi Kuster (NH) Lance Langevin Larsen (WA) Larson (CT) Lawrence Lawson (FL) Lee Levin Lewis (GA) Lewis (MN) Lieu, Ted Lipinski LoBiondo Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch MacArthur Maloney, Sean Matsui McCollum McEachin McGovern McNerney Meehan Meeks Meng Moore Moulton Murphy (FL) Nadler Napolitano Neal Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Payne Perlmutter Peters Peterson Pingree Pocan Poe (TX) Polis Price (NC) Quigley Raskin Reed Rice (NY) Richmond Rosen Roybal-Allard Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Sinema Sires Slaughter Smith (NJ) Smith (WA) Soto Speier Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Titus Tonko Torres Upton Vargas Veasey Vela Velazquez Visclosky Walz Waters, Maxine Watson Coleman Welch Wilson (FL) Woodall Yarmuth NOES--207 Abraham Aderholt Allen Amash Amodei Arrington Babin Bacon Banks (IN) Barletta Barr Bergman Biggs Bilirakis Bishop (MI) Bishop (UT) Black Blackburn Blum Bost Brady (TX) Brat Brooks (AL) Brooks (IN) Buchanan Buck Budd Byrne Calvert Carter (GA) Carter (TX) Chabot Cheney Cole Collins (GA) Collins (NY) Comer Comstock Conaway Cook Cramer Crawford Culberson Davidson Davis, Rodney Denham Dent DesJarlais Donovan Duffy Duncan (SC) Duncan (TN) Emmer Estes (KS) Faso Ferguson Fleischmann Flores Fortenberry Foxx Franks (AZ) Frelinghuysen Gaetz Gallagher Gianforte Gibbs Gohmert Goodlatte Gosar Gowdy Granger Graves (GA) Graves (LA) Graves (MO) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hudson Huizenga Hultgren Hunter Hurd Issa Jenkins (KS) Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, Sam Jones Jordan Joyce (OH) Kelly (MS) Kelly (PA) King (IA) King (NY) Kinzinger Knight Kustoff (TN) Labrador LaHood LaMalfa Lamborn Latta Long Loudermilk Love Lucas Luetkemeyer Marchant Marino Marshall Massie Mast McCarthy McCaul McClintock McHenry McKinley McMorris Rodgers McSally Messer Mitchell Moolenaar Mooney (WV) Mullin Murphy (PA) Newhouse Noem Norman Nunes Olson Palazzo Palmer Paulsen Pearce Perry Pittenger Poliquin Ratcliffe Reichert Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Rogers (KY) Rohrabacher Rokita Rooney, Francis Rooney, Thomas J. Roskam Rothfus Rouzer Royce (CA) Russell Rutherford Sanford Schweikert Scott, Austin Sensenbrenner Sessions Shimkus Shuster Simpson Smith (MO) Smith (NE) Smith (TX) Smucker Stefanik Stewart Stivers Taylor Tenney Thompson (PA) Thornberry Tiberi Tipton Trott Turner Valadao Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Yoder Yoho Young (AK) Young (IA) Zeldin NOT VOTING--21 Bridenstine Costa Crist Cummings Curbelo (FL) DeGette DeSantis Deutch Diaz-Balart Garrett Maloney, Carolyn B. Meadows Pelosi Posey Ros-Lehtinen Ross Scalise Tsongas Wagner Wasserman Schultz Webster (FL) Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1429 So the amendment was rejected. The result of the vote was announced as above recorded. Amendment No. 74 Offered by Ms. Roybal-Allard The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentlewoman from California (Ms. Roybal-Allard) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. [[Page H7116]] The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This will be a 2-minute vote. The vote was taken by electronic device, and there were--ayes 170, noes 241, not voting 22, as follows: [Roll No. 460] AYES--170 Adams Aguilar Barragan Bass Beatty Beyer Bishop (GA) Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Clyburn Cohen Connolly Conyers Correa Courtney Crowley Cuellar Davis (CA) Davis, Danny DeFazio Delaney DeLauro DelBene Demings DeSaulnier Dingell Doggett Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Foster Frankel (FL) Fudge Gabbard Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Himes Hoyer Huffman Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Kaptur Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind Krishnamoorthi Kuster (NH) Langevin Larsen (WA) Larson (CT) Lawrence Lawson (FL) Lee Levin Lewis (GA) Lieu, Ted Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Maloney, Carolyn B. Matsui McCollum McEachin McGovern McNerney Meeks Meng Moore Moulton Murphy (FL) Nadler Napolitano Neal Norcross O'Rourke Pallone Panetta Pascrell Payne Perlmutter Pingree Pocan Polis Price (NC) Quigley Raskin Rice (NY) Richmond Rosen Roybal-Allard Ruppersberger Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Sires Slaughter Smith (WA) Soto Speier Swalwell (CA) Takano Thompson (CA) Thompson (MS) Titus Tonko Torres Vargas Veasey Vela Velazquez Visclosky Walz Waters, Maxine Watson Coleman Welch Wilson (FL) Yarmuth Young (AK) NOES--241 Abraham Aderholt Allen Amash Amodei Arrington Babin Bacon Banks (IN) Barletta Barr Barton Bera Bergman Biggs Bilirakis Bishop (MI) Bishop (UT) Black Blackburn Blum Bost Brady (TX) Brat Brooks (AL) Brooks (IN) Buchanan Buck Bucshon Budd Burgess Bustos Byrne Calvert Carter (GA) Carter (TX) Castor (FL) Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comer Comstock Conaway Cook Cooper Costello (PA) Cramer Crawford Culberson Davidson Davis, Rodney Denham Dent DesJarlais Donovan Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Faso Ferguson Fitzpatrick Fleischmann Flores Fortenberry Foxx Franks (AZ) Frelinghuysen Gaetz Gallagher Gianforte Gibbs Gohmert Goodlatte Gosar Gowdy Granger Graves (GA) Graves (LA) Graves (MO) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Herrera Beutler Hice, Jody B. Higgins (LA) Higgins (NY) Hill Holding Hollingsworth Hudson Huizenga Hultgren Hunter Hurd Issa Jenkins (KS) Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, Sam Jones Jordan Joyce (OH) Katko Kelly (MS) Kelly (PA) King (IA) King (NY) Kinzinger Knight Kustoff (TN) Labrador LaHood LaMalfa Lamborn Lance Latta Lewis (MN) Lipinski LoBiondo Loebsack Long Loudermilk Love Lucas Luetkemeyer Lynch MacArthur Maloney, Sean Marchant Marino Marshall Massie Mast McCarthy McCaul McClintock McHenry McKinley McMorris Rodgers McSally Meehan Messer Mitchell Moolenaar Mooney (WV) Mullin Murphy (PA) Newhouse Noem Norman Nunes O'Halleran Olson Palazzo Palmer Paulsen Pearce Perry Peters Peterson Pittenger Poe (TX) Poliquin Ratcliffe Reed Reichert Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Rogers (KY) Rohrabacher Rokita Rooney, Francis Rooney, Thomas J. Roskam Rothfus Rouzer Royce (CA) Ruiz Russell Rutherford Sanford Schweikert Scott, Austin Sensenbrenner Sessions Shimkus Shuster Simpson Sinema Smith (MO) Smith (NE) Smith (NJ) Smith (TX) Smucker Stefanik Stewart Stivers Suozzi Taylor Tenney Thompson (PA) Thornberry Tiberi Tipton Trott Turner Upton Valadao Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (IA) Zeldin NOT VOTING--22 Bridenstine Costa Crist Cummings Curbelo (FL) DeGette DeSantis Deutch Diaz-Balart Garrett Meadows Nolan Pelosi Posey Ros-Lehtinen Ross Rush Scalise Tsongas Wagner Wasserman Schultz Webster (FL) Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1432 So the amendment was rejected. The result of the vote was announced as above recorded. Amendment No. 75 Offered by Mr. Castro of Texas The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Texas (Mr. Castro) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This will be a 2-minute vote. The vote was taken by electronic device, and there were--ayes 203, noes 211, not voting 19, as follows: [Roll No. 461] AYES--203 Adams Aguilar Barragan Barton Bass Beatty Bera Beyer Bishop (GA) Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Clyburn Coffman Cohen Connolly Conyers Cooper Correa Costello (PA) Courtney Crowley Cuellar Davis (CA) Davis, Danny DeFazio Delaney DeLauro DelBene Demings DeSaulnier Dingell Doggett Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Ferguson Fitzpatrick Foster Frankel (FL) Fudge Gabbard Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Herrera Beutler Higgins (NY) Himes Hoyer Huffman Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Kaptur Katko Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind Krishnamoorthi Kuster (NH) Lance Langevin Larsen (WA) Larson (CT) Lawrence Lawson (FL) Lee Levin Lewis (GA) Lieu, Ted Lipinski LoBiondo Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch MacArthur Maloney, Carolyn B. Maloney, Sean Matsui McCollum McEachin McGovern McNerney Meehan Meeks Meng Moore Moulton Murphy (FL) Nadler Napolitano Neal Nolan Norcross Norman O'Halleran O'Rourke Pallone Panetta Pascrell Payne Pelosi Perlmutter Peters Pingree Pocan Poe (TX) Polis Price (NC) Quigley Raskin Reed Rice (NY) Richmond Rosen Roybal-Allard Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Schweikert Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Sinema Sires Slaughter Smith (NJ) Smith (WA) Soto Speier Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Titus Tonko Torres Vargas Veasey Vela Velazquez Visclosky Walz Waters, Maxine Watson Coleman Welch Wilson (FL) Woodall Yarmuth NOES--211 Abraham Aderholt Allen Amash Amodei Arrington Babin Bacon Banks (IN) Barletta Barr Bergman Biggs Bilirakis Bishop (MI) Bishop (UT) Black Blackburn Blum Bost Brady (TX) Brat Brooks (AL) Brooks (IN) Buchanan Buck Bucshon Budd Burgess Byrne Calvert Carter (GA) Carter (TX) Chabot Cheney Cole Collins (GA) Collins (NY) Comer [[Page H7117]] Comstock Conaway Cook Cramer Crawford Culberson Davidson Davis, Rodney Denham Dent DesJarlais Donovan Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Faso Fleischmann Flores Fortenberry Foxx Franks (AZ) Frelinghuysen Gaetz Gallagher Gianforte Gibbs Gohmert Goodlatte Gosar Gowdy Granger Graves (GA) Graves (LA) Graves (MO) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hudson Huizenga Hultgren Hunter Hurd Issa Jenkins (KS) Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, Sam Jones Jordan Joyce (OH) Kelly (MS) Kelly (PA) King (IA) King (NY) Kinzinger Knight Kustoff (TN) Labrador LaHood LaMalfa Lamborn Latta Lewis (MN) Long Loudermilk Love Lucas Luetkemeyer Marchant Marino Marshall Massie Mast McCarthy McCaul McClintock McHenry McKinley McMorris Rodgers McSally Messer Mitchell Moolenaar Mooney (WV) Mullin Murphy (PA) Newhouse Noem Nunes Olson Palazzo Palmer Paulsen Pearce Perry Peterson Pittenger Poliquin Ratcliffe Reichert Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Rogers (KY) Rohrabacher Rokita Rooney, Francis Rooney, Thomas J. Roskam Rothfus Rouzer Royce (CA) Russell Rutherford Sanford Scott, Austin Sensenbrenner Sessions Shimkus Shuster Simpson Smith (MO) Smith (NE) Smith (TX) Smucker Stefanik Stewart Stivers Taylor Tenney Thompson (PA) Thornberry Tiberi Tipton Trott Turner Upton Valadao Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Yoder Yoho Young (AK) Young (IA) Zeldin NOT VOTING--19 Bridenstine Costa Crist Cummings Curbelo (FL) DeGette DeSantis Deutch Diaz-Balart Garrett Meadows Posey Ros-Lehtinen Ross Scalise Tsongas Wagner Wasserman Schultz Webster (FL) Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1437 So the amendment was rejected. The result of the vote was announced as above recorded. PERSONAL EXPLANATION Mr. WEBSTER of Florida. Mr. Chair, due to the impending landfall of Hurricane Irma in Florida, I departed Washington, D.C to be in my district during this natural disaster. Had I been present, I would have voted: ``Yea'' on rollcall No. 457. ``Yea'' on rollcall No. 458. ``Nay'' on rollcall No. 459. ``Nay'' on rollcall No. 460. ``Nay'' on rollcall No. 461. Amendment No. 76 Offered by Mr. Correa The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from California (Mr. Correa) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This will be a 2-minute vote. The vote was taken by electronic device, and there were--ayes 182, noes 229, not voting 22, as follows: [Roll No. 462] AYES--182 Adams Aguilar Barragan Bass Beatty Bera Beyer Bishop (GA) Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Clyburn Cohen Connolly Conyers Cooper Correa Courtney Crowley Davis (CA) Davis, Danny DeFazio Delaney DeLauro DelBene Demings DeSaulnier Dingell Doggett Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Foster Frankel (FL) Fudge Gabbard Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Higgins (NY) Himes Hoyer Huffman Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Kaptur Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind Krishnamoorthi Kuster (NH) Langevin Larsen (WA) Larson (CT) Lawrence Lawson (FL) Lee Levin Lewis (GA) Lieu, Ted Lipinski Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Maloney, Carolyn B. Maloney, Sean Matsui McCollum McEachin McGovern Meeks Meng Moore Moulton Murphy (FL) Nadler Napolitano Neal Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Payne Pelosi Perlmutter Peters Peterson Pingree Pocan Polis Price (NC) Quigley Raskin Rice (NY) Richmond Rosen Roybal-Allard Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott, David Serrano Sewell (AL) Shea-Porter Sherman Sinema Sires Slaughter Smith (WA) Soto Speier Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Titus Tonko Torres Vargas Veasey Velazquez Visclosky Walz Waters, Maxine Watson Coleman Welch Wilson (FL) Yarmuth NOES--229 Abraham Aderholt Allen Amash Amodei Arrington Babin Bacon Banks (IN) Barletta Barr Barton Bergman Biggs Bilirakis Bishop (MI) Bishop (UT) Black Blackburn Blum Bost Brady (TX) Brooks (AL) Brooks (IN) Buchanan Buck Bucshon Budd Burgess Byrne Calvert Carter (GA) Carter (TX) Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comer Comstock Conaway Cook Costello (PA) Cramer Crawford Cuellar Culberson Davidson Davis, Rodney Denham Dent DesJarlais Donovan Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Faso Ferguson Fitzpatrick Fleischmann Flores Fortenberry Foxx Franks (AZ) Frelinghuysen Gaetz Gallagher Gianforte Gibbs Gohmert Goodlatte Gosar Gowdy Granger Graves (GA) Graves (LA) Graves (MO) Griffith Grothman Guthrie Handel Harper Harris Hartzler Herrera Beutler Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hudson Huizenga Hultgren Hunter Hurd Issa Jenkins (KS) Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, Sam Jones Jordan Joyce (OH) Katko Kelly (MS) Kelly (PA) King (IA) King (NY) Kinzinger Knight Kustoff (TN) Labrador LaHood LaMalfa Lamborn Lance Latta Lewis (MN) LoBiondo Long Loudermilk Love Lucas Luetkemeyer Lynch MacArthur Marchant Marino Marshall Massie Mast McCarthy McCaul McClintock McHenry McKinley McMorris Rodgers McNerney McSally Meehan Messer Mitchell Moolenaar Mooney (WV) Mullin Murphy (PA) Newhouse Noem Norman Nunes Olson Palazzo Palmer Paulsen Pearce Perry Pittenger Poe (TX) Poliquin Ratcliffe Reed Reichert Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Rogers (KY) Rohrabacher Rokita Rooney, Francis Rooney, Thomas J. Roskam Rothfus Rouzer Royce (CA) Russell Rutherford Sanford Schweikert Scott (VA) Scott, Austin Sensenbrenner Sessions Shimkus Simpson Smith (MO) Smith (NE) Smith (NJ) Smith (TX) Smucker Stefanik Stewart Stivers Taylor Tenney Thompson (PA) Thornberry Tiberi Tipton Trott Turner Upton Valadao Vela Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (AK) Young (IA) Zeldin NOT VOTING--22 Brat Bridenstine Costa Crist Cummings Curbelo (FL) DeGette DeSantis Deutch Diaz-Balart Garrett Hensarling Meadows Posey Ros-Lehtinen Ross Scalise Shuster Tsongas Wagner Wasserman Schultz Webster (FL) Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1441 So the amendment was rejected. The result of the vote was announced as above recorded. Amendment No. 77 Offered by Mr. Hunter The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from California (Mr. Hunter) on which further proceedings were postponed and on which the ayes prevailed by voice vote. The Clerk will redesignate the amendment. [[Page H7118]] The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This will be a 2-minute vote. The vote was taken by electronic device, and there were--ayes 245, noes 168, not voting 20, as follows: [Roll No. 463] AYES--245 Abraham Aderholt Aguilar Allen Amodei Arrington Babin Bacon Banks (IN) Barletta Barr Barton Bera Bergman Beyer Biggs Bilirakis Bishop (MI) Bishop (UT) Black Blackburn Blum Bost Brady (TX) Brat Brooks (IN) Brownley (CA) Buchanan Buck Bucshon Burgess Byrne Calvert Carter (GA) Carter (TX) Chabot Cheney Clarke (NY) Coffman Cohen Cole Collins (GA) Collins (NY) Comer Comstock Conaway Connolly Cook Correa Costello (PA) Courtney Cramer Crawford Culberson Davis, Rodney DelBene Denham Dent DesJarlais Donovan Duffy Duncan (SC) Duncan (TN) Dunn Emmer Engel Estes (KS) Farenthold Faso Ferguson Fitzpatrick Fleischmann Flores Fortenberry Foxx Franks (AZ) Frelinghuysen Gabbard Gaetz Gallagher Gallego Gianforte Gibbs Gohmert Gosar Gottheimer Gowdy Granger Graves (GA) Graves (LA) Graves (MO) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Herrera Beutler Hice, Jody B. Higgins (LA) Hill Holding Hudson Huizenga Hultgren Hunter Hurd Issa Jeffries Jenkins (KS) Jenkins (WV) Johnson (GA) Johnson (OH) Johnson, Sam Jones Jordan Joyce (OH) Katko Kelly (MS) Kelly (PA) Kind King (IA) King (NY) Kinzinger Knight Kustoff (TN) LaHood LaMalfa Lamborn Lance Latta Lewis (MN) LoBiondo Loudermilk Love Lucas Luetkemeyer MacArthur Marchant Marino Marshall Massie Mast McCarthy McCaul McClintock McEachin McHenry McKinley McMorris Rodgers McNerney McSally Meehan Meeks Messer Mitchell Moolenaar Mooney (WV) Mullin Murphy (FL) Murphy (PA) Newhouse Noem Norman Nunes Olson Palazzo Palmer Paulsen Payne Pearce Perlmutter Perry Peters Pittenger Poe (TX) Poliquin Ratcliffe Reed Reichert Renacci Rice (SC) Richmond Roby Roe (TN) Rogers (KY) Rohrabacher Rokita Rooney, Thomas J. Roskam Rothfus Rouzer Royce (CA) Russell Sanford Schweikert Scott (VA) Scott, Austin Sensenbrenner Sessions Sherman Shimkus Shuster Simpson Sinema Smith (MO) Smith (NE) Smith (NJ) Smith (TX) Smith (WA) Smucker Stefanik Stewart Stivers Suozzi Taylor Tenney Thompson (PA) Thornberry Tiberi Tipton Trott Turner Upton Valadao Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (AK) Young (IA) Zeldin NOES--168 Adams Amash Barragan Bass Beatty Bishop (GA) Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brooks (AL) Brown (MD) Budd Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clay Cleaver Clyburn Conyers Cooper Crowley Cuellar Davidson Davis (CA) Davis, Danny DeFazio Delaney DeLauro Demings DeSaulnier Dingell Doggett Doyle, Michael F. Ellison Eshoo Espaillat Esty (CT) Evans Foster Frankel (FL) Fudge Garamendi Gomez Gonzalez (TX) Goodlatte Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Higgins (NY) Himes Hollingsworth Hoyer Huffman Jackson Lee Jayapal Johnson (LA) Johnson, E. B. Kaptur Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Krishnamoorthi Kuster (NH) Labrador Langevin Larsen (WA) Larson (CT) Lawrence Lawson (FL) Lee Levin Lewis (GA) Lieu, Ted Lipinski Loebsack Lofgren Long Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch Maloney, Carolyn B. Maloney, Sean Matsui McCollum McGovern Meng Moore Moulton Nadler Napolitano Neal Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Peterson Pingree Pocan Polis Price (NC) Quigley Raskin Rice (NY) Rogers (AL) Rooney, Francis Rosen Roybal-Allard Ruiz Ruppersberger Rush Rutherford Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott, David Serrano Sewell (AL) Shea-Porter Sires Slaughter Soto Speier Swalwell (CA) Takano Thompson (CA) Thompson (MS) Titus Tonko Torres Vargas Veasey Vela Velazquez Visclosky Walz Waters, Maxine Watson Coleman Welch Wilson (FL) Yarmuth NOT VOTING--20 Bridenstine Costa Crist Cummings Curbelo (FL) DeGette DeSantis Deutch Diaz-Balart Garrett Meadows Pelosi Posey Ros-Lehtinen Ross Scalise Tsongas Wagner Wasserman Schultz Webster (FL) Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1446 Mr. LAWSON of Florida changed his vote from ``aye'' to ``no.'' Mr. FLEISCHMANN changed his vote from ``no'' to ``aye.'' So the amendment was agreed to. The result of the vote was announced as above recorded. Amendment No. 80, as Modified, Offered by Mr. King of Iowa The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment, as modified, offered by the gentleman from Iowa (Mr. King) on which further proceedings were postponed and on which the ayes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This will be a 2-minute vote. The vote was taken by electronic device, and there were--ayes 173, noes 240, not voting 20, as follows: [Roll No. 464] AYES--173 Abraham Aderholt Allen Amash Arrington Babin Bacon Banks (IN) Barr Barton Bergman Biggs Bilirakis Bishop (MI) Bishop (UT) Black Blackburn Blum Brady (TX) Brat Brooks (AL) Brooks (IN) Buchanan Buck Budd Burgess Byrne Calvert Carter (GA) Carter (TX) Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comer Comstock Conaway Cramer Crawford Culberson Davidson Dent DesJarlais Duncan (SC) Duncan (TN) Dunn Estes (KS) Farenthold Ferguson Fleischmann Flores Fortenberry Foxx Franks (AZ) Frelinghuysen Gaetz Gallagher Gibbs Gohmert Goodlatte Gosar Gowdy Granger Graves (GA) Graves (LA) Graves (MO) Griffith Guthrie Handel Harper Harris Hartzler Hensarling Herrera Beutler Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hudson Huizenga Hurd Issa Jenkins (KS) Johnson (LA) Johnson, Sam Jones Jordan Kelly (MS) King (IA) Knight Kustoff (TN) Labrador LaMalfa Lamborn Latta Long Loudermilk Love Lucas Luetkemeyer Marchant Marshall Massie McCarthy McCaul McClintock McHenry McMorris Rodgers McSally Messer Mitchell Moolenaar Mooney (WV) Mullin Noem Norman Nunes Olson Palazzo Palmer Paulsen Pearce Perry Pittenger Poe (TX) Poliquin Ratcliffe Rice (SC) Roby Roe (TN) Rogers (AL) Rogers (KY) Rohrabacher Rokita Rooney, Francis Rooney, Thomas J. Rothfus Rouzer Royce (CA) Russell Rutherford Sanford Schweikert Sensenbrenner Sessions Smith (MO) Smith (NE) Smith (TX) Smucker Stewart Taylor Thompson (PA) Thornberry Tipton Trott Walberg Walker Walorski Walters, Mimi Weber (TX) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (IA) NOES--240 Adams Aguilar Amodei Barletta Barragan Bass Beatty Bera Beyer Bishop (GA) Blumenauer Blunt Rochester Bonamici Bost Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Bucshon Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Clyburn Cohen Connolly Conyers Cook Cooper Correa Costello (PA) Courtney Crowley Cuellar Davis (CA) Davis, Danny Davis, Rodney DeFazio Delaney DeLauro DelBene Demings Denham DeSaulnier Dingell Doggett Donovan [[Page H7119]] Doyle, Michael F. Duffy Ellison Emmer Engel Eshoo Espaillat Esty (CT) Evans Faso Fitzpatrick Foster Frankel (FL) Fudge Gabbard Gallego Garamendi Gianforte Gomez Gonzalez (TX) Gottheimer Green, Al Green, Gene Grijalva Grothman Gutierrez Hanabusa Hastings Heck Higgins (NY) Himes Hoyer Huffman Hultgren Hunter Jackson Lee Jayapal Jeffries Jenkins (WV) Johnson (GA) Johnson (OH) Johnson, E. B. Joyce (OH) Kaptur Katko Keating Kelly (IL) Kelly (PA) Kennedy Khanna Kihuen Kildee Kilmer Kind King (NY) Kinzinger Krishnamoorthi Kuster (NH) LaHood Lance Langevin Larsen (WA) Larson (CT) Lawrence Lawson (FL) Lee Levin Lewis (GA) Lewis (MN) Lieu, Ted Lipinski LoBiondo Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch MacArthur Maloney, Carolyn B. Maloney, Sean Marino Mast Matsui McCollum McEachin McGovern McKinley McNerney Meehan Meeks Meng Moore Moulton Murphy (FL) Murphy (PA) Nadler Napolitano Neal Newhouse Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Payne Perlmutter Peters Peterson Pingree Pocan Polis Price (NC) Quigley Raskin Reed Reichert Renacci Rice (NY) Richmond Rosen Roskam Roybal-Allard Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, Austin Scott, David Serrano Sewell (AL) Shea-Porter Sherman Shimkus Shuster Simpson Sinema Sires Slaughter Smith (NJ) Smith (WA) Soto Speier Stefanik Stivers Suozzi Swalwell (CA) Takano Tenney Thompson (CA) Thompson (MS) Tiberi Titus Tonko Torres Turner Upton Valadao Vargas Veasey Vela Velazquez Visclosky Walden Walz Waters, Maxine Watson Coleman Welch Wilson (FL) Yarmuth Young (AK) Zeldin NOT VOTING--20 Bridenstine Costa Crist Cummings Curbelo (FL) DeGette DeSantis Deutch Diaz-Balart Garrett Meadows Pelosi Posey Ros-Lehtinen Ross Scalise Tsongas Wagner Wasserman Schultz Webster (FL) Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1450 So the amendment was rejected. The result of the vote was announced as above recorded. Amendment No. 81 Offered by Mr. Castro of Texas The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Texas (Mr. Castro) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This will be a 2-minute vote. The vote was taken by electronic device, and there were--ayes 183, noes 230, not voting 20, as follows [Roll No. 465] AYES--183 Adams Aguilar Barragan Bass Beatty Bera Beyer Bishop (GA) Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Clyburn Cohen Connolly Conyers Cooper Correa Courtney Crowley Davis (CA) Davis, Danny DeFazio Delaney DeLauro DelBene Demings DeSaulnier Dingell Doggett Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Foster Frankel (FL) Fudge Gabbard Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Higgins (NY) Himes Hoyer Huffman Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Kaptur Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind Krishnamoorthi Kuster (NH) Langevin Larsen (WA) Larson (CT) Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch Maloney, Carolyn B. Maloney, Sean Matsui McCollum McEachin McGovern McNerney Meeks Meng Moore Moulton Murphy (FL) Nadler Napolitano Neal Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Payne Perlmutter Pe

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Roskam Rothfus Rouzer Royce (CA) Russell Rutherford Sanford Schweikert Scott, Austin Sensenbrenner Sessions Shimkus Shuster Simpson Smith (MO) Smith (NE) Smith (NJ) Smith (TX) Smucker Stefanik Stewart Stivers Taylor Tenney Thompson (PA) Thornberry Tiberi Tipton Trott Turner Upton Valadao Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (AK) Young (IA) Zeldin NOT VOTING--20 Bridenstine Costa Crist Cummings Curbelo (FL) DeGette DeSantis Deutch Diaz-Balart Garrett Meadows Pelosi Posey Ros-Lehtinen Ross Scalise Tsongas Wagner Wasserman Schultz Webster (FL) Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1454 So the amendment was rejected. The result of the vote was announced as above recorded. Amendment No. 84 Offered by Ms. Jayapal The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentlewoman from Washington (Ms. Jayapal) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. [[Page H7120]] The Acting CHAIR. This will be a 2-minute vote. The vote was taken by electronic device, and there were--ayes 180, noes 230, not voting 23, as follows: [Roll No. 466] AYES--180 Adams Aguilar Barragan Bass Beatty Bera Beyer Bishop (GA) Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Clyburn Cohen Connolly Conyers Cooper Correa Courtney Crowley Davis (CA) Davis, Danny DeFazio Delaney DeLauro DelBene Demings DeSaulnier Dingell Doggett Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Foster Frankel (FL) Fudge Gabbard Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Higgins (NY) Himes Hoyer Huffman Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Kaptur Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind Krishnamoorthi Kuster (NH) Langevin Larsen (WA) Larson (CT) Lawrence Lawson (FL) Lee Levin Lewis (GA) Lieu, Ted Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch Maloney, Carolyn B. Maloney, Sean Matsui McCollum McEachin McGovern McNerney Meeks Meng Moore Moulton Murphy (FL) Nadler Napolitano Neal Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Payne Perlmutter Pingree Pocan Polis Price (NC) Quigley Raskin Rice (NY) Richmond Rosen Roybal-Allard Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Sires Slaughter Smith (WA) Soto Speier Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Titus Tonko Torres Vargas Veasey Vela Velazquez Visclosky Walz Waters, Maxine Watson Coleman Welch Wilson (FL) Yarmuth NOES--230 Abraham Aderholt Allen Amash Amodei Arrington Babin Bacon Banks (IN) Barletta Barr Barton Bergman Biggs Bilirakis Bishop (MI) Bishop (UT) Black Blackburn Blum Bost Brady (TX) Brat Brooks (AL) Brooks (IN) Buchanan Buck Bucshon Budd Burgess Byrne Calvert Carter (GA) Carter (TX) Chabot Cheney Coffman Collins (GA) Collins (NY) Comer Comstock Conaway Cook Costello (PA) Cramer Crawford Cuellar Culberson Davidson Davis, Rodney Denham Dent DesJarlais Donovan Duffy Duncan (SC) Duncan (TN) Dunn Estes (KS) Farenthold Faso Ferguson Fitzpatrick Fleischmann Flores Fortenberry Foxx Franks (AZ) Frelinghuysen Gaetz Gallagher Gianforte Gibbs Gohmert Goodlatte Gosar Gowdy Granger Graves (GA) Graves (LA) Graves (MO) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Herrera Beutler Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hudson Huizenga Hultgren Hunter Hurd Issa Jenkins (KS) Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, Sam Jones Jordan Joyce (OH) Katko Kelly (MS) Kelly (PA) King (IA) King (NY) Kinzinger Knight Kustoff (TN) Labrador LaHood LaMalfa Lamborn Lance Latta Lewis (MN) Lipinski LoBiondo Long Loudermilk Love Lucas Luetkemeyer MacArthur Marchant Marino Marshall Massie Mast McCarthy McCaul McClintock McHenry McKinley McMorris Rodgers McSally Meehan Messer Mitchell Moolenaar Mooney (WV) Mullin Murphy (PA) Newhouse Noem Norman Nunes Olson Palazzo Palmer Paulsen Pearce Perry Peters Peterson Pittenger Poe (TX) Poliquin Ratcliffe Reed Reichert Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Rogers (KY) Rohrabacher Rokita Rooney, Francis Rooney, Thomas J. Roskam Rothfus Rouzer Royce (CA) Russell Rutherford Sanford Schweikert Scott, Austin Sensenbrenner Sessions Shimkus Shuster Simpson Sinema Smith (MO) Smith (NE) Smith (NJ) Smith (TX) Smucker Stefanik Stewart Stivers Taylor Tenney Thompson (PA) Thornberry Tiberi Tipton Trott Turner Upton Valadao Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (AK) Young (IA) Zeldin NOT VOTING--23 Bridenstine Castor (FL) Cole Costa Crist Cummings Curbelo (FL) DeGette DeSantis Deutch Diaz-Balart Emmer Garrett Meadows Pelosi Posey Ros-Lehtinen Ross Scalise Tsongas Wagner Wasserman Schultz Webster (FL) Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1511 So the amendment was rejected. The result of the vote was announced as above recorded. PERSONAL EXPLANATION Mr. WEBSTER of Florida. Mr. Chair, due to the impending landfall of Hurricane Irma in Florida, I departed Washington, D.C to be in my district during this natural disaster. Had I been present, I would have voted: ``Nay'' on rollcall No. 462. ``Yea'' on rollcall No. 463. ``Yea'' on rollcall No. 464. ``Nay'' on rollcall No. 465. ``Nay'' on rollcall No. 466. Amendments En Bloc No. 4 Offered by Mr. Rogers of Kentucky Mr. ROGERS of Kentucky. Mr. Chairman, pursuant to House Resolution 500, as the designee of Mr. Frelinghuysen, I offer amendments en bloc. The Acting CHAIR (Mr. Bost). The Clerk will designate the amendments en bloc. Amendments en bloc No. 4 consisting of amendment Nos. 90, 93, 100, 102, 103, 104, 105, 108, 109, 111, and 117, printed in part B of House Report 115-295, offered by Mr. Rogers of Kentucky: amendment no. 90 offered by mrs. lowey of new york Page 858, line 11, after the dollar amount insert the following: ``(reduced by $10,000,000) (increased by $10,000,000)''. amendment no. 93 offered by mr. mitchell of michigan At the end of division G (before the short title), insert the following: limitation on conference attendance Sec. \_\_. None of the funds appropriated or otherwise made available by this Act may be used to attend the Canadian Water Resources Association's National 2018 Conference, ``Our Common Water Future: Building Resilience through Innovation''. amendment no. 100 offered by mr. valadao of california Page 890, line 11, after the dollar amount, insert ``(reduced by $1,500,000) (increased by $1,500,000)''. amendment no. 102 offered by mr. lynch of massachusetts Page 898, line 1, after the first dollar amount, insert ``(increased by $4,545,000)''. Page 902, line 20, after the dollar amount, insert ``(reduced by $4,545,000)''. amendment no. 103 offered by mr. foster of illinois Page 899, line 15, after the dollar amount, insert ``(reduced by $10,000,000) (increased by $10,000,000)''. amendment no. 104 offered by mr. budd of north carolina Page 1001, beginning on line 1, after ``individuals'' insert ``, including family members of Palestinians,''. amendment no. 105 offered by mrs. torres of california Page 1056, line 18, insert ``except for funds made available for the International Commission against Impunity in Guatemala or the Mission to Support the Fight against Corruption and Impunity in Honduras,'' after ``and Honduras,''. amendment no. 108 offered by mr. trott of michigan At the end of division G (before the spending reduction account), insert the following: Sec. \_\_. None of the of funds made available by this division may be used by the Department of State to close or merge the Office of International Religious Freedom. amendment no. 109 offered by mr. schneider of illinois At the end of division G (before the short title), insert the following: Sec. \_. None of the funds appropriated or otherwise made available by this Act may be used to close the Office of the Special Envoy to Monitor and Combat Anti-Semitism of the Department of State or to merge such Office with any other office or entity in the Department of State. amendment no. 111 offered by mr. ted lieu of california At the end of division G (before the short title), insert the following: Sec. \_. None of the funds appropriated or otherwise made available by this Act may be used to close the Office of Global Criminal Justice of the Department of State or to merge such Office with any other office or entity in the Department of State. amendment no. 117 offered by mr. meeks of new york At the end of division G (before the short title), insert the following: [[Page H7121]] Sec. \_. None of the funds made available in this Act may be used to reduce the number of fellows in the Charles B. Rangel International Affairs ***Program***, the Thomas R. Pickering Foreign Affairs Fellowship ***Program***, or the Donald M. Payne International Development Fellowship ***Program*** below current levels. The Acting CHAIR. Pursuant to House Resolution 500, the gentleman from Kentucky (Mr. Rogers) and the gentlewoman from New York (Mrs. Lowey) each will control 10 minutes. The Chair recognizes the gentleman from Kentucky. Mr. ROGERS of Kentucky. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan (Mr. Mitchell). Mr. MITCHELL. Mr. Chairman, I rise in support of my amendment within the en bloc amendments as a step to protect the Great Lakes. Ontario Power Generation, a Canadian energy company, has proposed to build an underground nuclear waste facility along the shores of Lake Huron, which borders my district. Their ***plan*** is nothing short of irresponsible. Any failure at this site would have devastating impacts on Michigan and Canada, which rely on the Great Lakes for drinking water, tourism, and commerce. Canada and OPG have displayed intransigence in the face of the near universal objection of my constituents, and many of the residents of the Great Lakes region. My amendment serves to further highlight to the Canadian Government the gravity of this issue. {time} 1515 The International Joint Commission was developed to resolve binational water disputes between the United States and Canada, yet they have not addressed this critical risk to the Great Lakes. My amendment would prohibit staff from attending or participating in an annual Canadian water resources conference, ironically, titled, ``Our Common Water Future.'' Prohibiting staff from attending this conference does not substantially relate to the IJC's core mission of protecting shared waters, but it sends an important message to our neighbors in Canada. It is time for the Canadian Government to take our concerns seriously regarding this potential threat to our precious Great Lakes. Mrs. LOWEY. Mr. Chairman, I yield 1 minute to the gentleman from Illinois (Mr. Schneider), who is a member of the Foreign Affairs Committee. Mr. SCHNEIDER. Mr. Chairman, I rise in support of my amendment, which is included in this en bloc package. My amendment would protect the Office of the Special Envoy to monitor and combat anti-Semitism and ensure its continued operation. Anti-Semitism not only still exists today, but it is on the rise in many places around the world. Just last month, a motorist in France yelled, ``Kill the Jew,'' as he advanced with a knife toward a Jewish male who was wearing a Star of David necklace. Keeping this office intact, appointing a special envoy, and providing adequate staff is incredibly important as we continue to fight anti- Semitism around the world. I would like to thank my colleagues for including my amendment in the en bloc package, and I ask them all to join me in voting for it. Mr. ROGERS of Kentucky. Mr. Chairman, I yield 1 minute to the gentleman from California (Mr. Valadao). Mr. VALADAO. Mr. Chairman, I rise today in support of my amendment, which ensures critical funding for ongoing demining projects in Nagorno-Karabakh. As a result of land mines laid during the Nagorno-Karabakh war, the men, women, and children of the region have lived their lives under the constant threat of crippling injury or death from an exploding mine. Not only have many families in Nagorno-Karabakh lost loved ones as a result of land mine accidents, families have had their entire livelihoods destroyed from economic and societal consequences. Since 2000, the HALO Trust, an organization dedicated to restoring communities threatened by various weapons of war, has cleared more than approximately 90 percent of the minefields scattered throughout Nagorno-Karabakh. According to the organization, $8 million will be required to make the region mine-free by 2020. My amendment will help secure $1.5 million to be used as an important downpayment for this effort. Mr. Chairman, ensuring families in Nagorno-Karabakh can live without fear of land mine accidents is indisputable, and I urge my colleagues in the House of Representatives to support my amendment. Mrs. LOWEY. Mr. Chairman, I yield 1 minute to the gentlewoman from California (Mrs. Torres), who is a member of the Foreign Affairs Committee. Mrs. TORRES. Mr. Chairman, I rise to offer my amendment to this appropriations bill. This amendment would strengthen the International Commission against Impunity in Guatemala, CICIG, and the Mission to Support the Fight against Corruption and Impunity in Honduras. Specifically, it would exempt both institutions from the conditions that Congress has placed on U.S assistance to Central America. I am strongly supportive of conditions on aid to Central America, but the conditions must not interfere with the work of CICIG and MACCIH, which have been valuable allies in the fight against corruption and have helped the people of Honduras and Guatemala work toward a more secure and prosperous future. Mr. Chairman, I urge my colleagues to support this amendment. Mr. ROGERS of Kentucky. Mr. Chairman, I reserve the balance of my time. Mrs. LOWEY. Mr. Chairman, I rise in strong support of this amendment. I do support the en bloc amendment, and I appreciate the chairman's inclusion of amendments from Democratic Members as well. I am very pleased that the en bloc includes a procedural amendment to allow me to discuss the deportation status of Mr. Jakiw Palij, a former Nazi guard. I had filed an amendment that would have directly addressed the deportation status of Mr. Jakiw Palij, but it was ruled out of order by the Rules Committee. The U.S State Department must ensure that justice is served and that Mr. Palij is held accountable for his crimes. He served as a guard at the Nazi Trawniki camp. This camp was the site of untold atrocities, including the death of thousands of blameless victims at the hands of the Nazi regime. Mr. Palij's role at the Trawniki camp served the Nazi regime by trapping men, women, and children in inhumane conditions, where they waited for their untimely deaths. After the Holocaust, Mr. Palij came to the United States, where he omitted his service at the Nazi camp, and eventually he became a U.S citizen. When his crimes during the Holocaust came to light, the United States stripped him of his citizenship, but he continues to reside in New York, as Poland, Germany, and Ukraine have each declined to take him. I believe that it is time for Mr. Palij to be held accountable for his crimes. So, again, I thank the chairman for including this in the en bloc amendment. Mr. Chairman, I yield back the balance of my time. Mr. ROGERS of Kentucky. Would the Chair advise whether or not amendment No. 103 is included in the en bloc? The Acting CHAIR. Without objection, the Clerk will redesignate amendments en bloc No. 4. There was no objection. The Clerk redesignated amendments en bloc No. 4. Mr. ROGERS of Kentucky. Mr. Chairman, I urge the adoption of amendments en bloc, and I yield back the balance of my time. The Acting CHAIR. The question is on the amendments en bloc offered by the gentleman from Kentucky (Mr. Rogers). The en bloc amendments were agreed to. Amendment No. 91 Offered by Mr. Rothfus The Acting CHAIR. It is now in order to consider amendment No. 91 printed in part B of House Report 115-295. Mr. ROTHFUS. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: Page 861, line 5, after the dollar amount, insert ``(decreased by 30,000,000)''. Page 861, line 6, after the dollar amount, insert ``(decreased by 30,000,000)''. Page 898, line 9, after the dollar amount, insert ``(increased by 30,000,000)''. The Acting CHAIR. Pursuant to House Resolution 500, the gentleman [[Page H7122]] from Pennsylvania (Mr. Rothfus) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Pennsylvania. Mr. ROTHFUS. Mr. Chairman, I yield myself such time as I may consume. My submitted amendment, No. 91 to division G, the State and Foreign Ops Appropriations bill, transfers $30 million to the International Narcotics Control and Law Enforcement account, or INCLE. The proposed $30 million transfer would allow INCLE funding to remain consistent with 2017 levels. One notable ***program*** that INCLE assists is the Merida Initiative. As we all here know, our Nation is reeling from an out-of-control opioid epidemic. My district in western Pennsylvania, like so many throughout the United States, has been particularly hard hit. According to the DEA, overdoses in Pennsylvania rose by 37 percent last year. Attorney General Sessions recently said that drug overdoses are the top lethal issue in the country today. Across the border in Mexico, our neighbor is suffering from massive levels of violence and murder, mostly fueled by drug trafficking organizations, and the violence levels are increasing. Mexico's monthly murder rate has now reached a 20-year high. Mr. Chairman, the Merida Initiative is a partnership between the United States and the Mexican Government that combats drug cartels and organized crime in Mexico. It also helps to strengthen the Mexican justice system by fostering the rule of law and respect for human rights. Mr. Chairman, the majority of heroin and other narcotics, including fentanyl, smuggled into the U.S come through Mexico or pass through it. Preventing drugs from ever crossing the border is a crucial step to healing our Nation. In order to reduce the flow of narcotics coming over the border, we need to do everything we can to help our international law enforcement partners fight drug traffickers in their own country. The United States had previous successes with these types of drug interdiction ***programs***, particularly in Colombia in the 1990s. We can replicate that success in Mexico if we invest in the INCLE and in our foreign law enforcement allies. Mr. Chairman, I reserve the balance of my time. Mr. SARBANES. Mr. Chairman, I claim the time in opposition to the amendment. The Acting CHAIR. The gentleman from Maryland is recognized for 5 minutes. Mr. SARBANES. Mr. Chairman, whatever priority or alternative use of these funds is being proposed, I can't imagine that it would compete with where this money is being taken away from. The $30 million that has been identified would be taken away from the Fulbright ***Program***, which is one of the most effective ***programs*** of public diplomacy the United States has ever ***produced***. Authored by William Fulbright, it has established cultural exchange for decades between the United States and countries around the world and done so much good in terms of projecting American values abroad and inviting people from other countries to come here to the United States to learn about our Nation and what we stand for. I admit that I am biased. I had the privilege and honor, back in 1984, to go to Greece on a Fulbright scholarship, and I saw firsthand the benefits of that ***program***. There are 37 current and former heads of state or government and 57 Nobel laureates who are alumni of the Fulbright ***Program***. The various ***programs*** of international cultural exchange are a signature of international exchange that we have in this country. It is really the crown jewel of those ***programs***, and to take any money away from the ***program***, I think, is a very serious mistake. I would also add that investment in the Fulbright ***Program*** leverages a tremendous amount of additional resources when you look at what other countries have put into the equation. The ***program*** now operates in 165 countries around the world, and 49 of those countries match or exceed the funding that the United States puts into the ***program***. So, in other words, we have invited countries around the world to step up and partner with us through the Fulbright ***Program*** on international exchange. They have taken that invitation seriously, and they have put significant resources behind it, which has kept the ***program*** strong even though funding, recently, here in this country has been flat. If anything, we should be increasing our investment in a ***program*** like this at a time when public diplomacy and making sure that people around the world understand who we are and what we stand for should be a number one priority. I urge my colleagues, Mr. Chairman, to reject this amendment. I think it is a mistake. There are 1,300 U.S colleges and universities, half of which are public and more than 125 of which are minority serving, that now benefit from hosting Fulbright scholars here in the United States. Mr. Chairman, I urge opposition to this amendment, and I reserve the balance of my time. Mr. ROTHFUS. Mr. Chairman, this amendment should not be viewed as any criticism of the merits of the Fulbright ***Program***. I don't have any. But we are talking about prioritization. The INCLE ***program*** has been cut by $36 million. {time} 1530 We are in the throes of a catastrophic opioid epidemic in this country, and Mexico is suffering from untold violence. The headlines tell the story: ``Mexico's bloody drug war is killing more people than ever.'' LA Times, July 22, 2017. ``26 people killed in northern Mexico gunfight as drug cartel violence continues to rise.'' LA Times, July 5, 2017. ``Mexico City has mostly been spared from grisly drug violence. Now that may be changing.'' The Washington Post, July 26, 2017. ``U.S warns of rise in drug cartel violence in Chihuahua.'' El Paso Times, July 7, 2017. ``Acapulco is now Mexico's Murder Capital.'' The Washington Post, August 24, 2017. ``The Deadliest Assignment: Reporting in Mexico.'' CBS News, August 21, 2017. ``Gunmen Kill Prominent Mexican Journalist Who Covered Drug Cartel.'' The New York Times, May 15, 2017. ``Another journalist has been gunned down in Mexico--the eighth killed this year.'' LA Times, July 31, 2017. ``A Mexican reporter was in a ***program*** to protect journalists. He was still killed.'' LA Times, August 23, 2017. He was the 10th journalist killed this year. Then, there are the headlines in my district: ``Cambria County coroner again `sounding the alarm' as OD deaths accelerate.'' Johnstown Tribune Democrat, February 14, 2017. ``A young couple died of overdose, police say. Their baby died of starvation days later.'' The Washington Post, December 25, 2016. ``Beaver County overdose deaths still on the rise in 2017.'' Beaver County Times, May 25, 2017. ``Allegheny County drug overdose deaths surge to 613 in 2016, breaking record.'' Pittsburgh Post-Gazette, April 6, 2017. ``Heroin overdose of 11-year-old Pittsburgh girl not a sign of childhood epidemic, experts says.'' TribLive, May 5, 2017. ``Mother grieves for son, asks God to `damn heroin.''' Johnstown Tribune Democrat, March 5, 2016. Mr. Chairman, we have budget constraints. We need to be putting the resources where the problem is. We have an opioid epidemic in this country. We have violence in Latin America. The funds that I seek to move into INCLE will help to stem these crises. Mr. Chairman, I reserve the balance of my time. Mr. SARBANES. Mr. Chairman, I certainly don't quarrel with the concerns and priorities that my colleague has set forth. Let's find resources to address those issues, but let's not take them from a proven valuable ***program*** like the Fulbright ***Program***. Mr. Chairman, I yield 1\1/2\ minutes to the gentlewoman from New York (Mrs. Lowey). Mrs. LOWEY. Mr. Chairman, I appreciate my colleague's effort to boost funding for a successful assistance ***program*** such as the Merida Initiative. The flow of drugs into the United [[Page H7123]] States is a serious concern and more emphasis should be put on both the demand and supply side of the issue. However, I cannot support an amendment to take from another very successful ***program*** such as the Fulbright ***Program***. The Fulbright ***Program*** is our flagship public diplomacy ***program***. It has run for over 70 years and boasts more than 370,000 alumni that are now in leadership positions and have a positive connection with the United States. These alumni include 37 current or former heads of state, 57 Nobel Laureates, 82 Pulitzer Prize winners, 29 MacArthur Fellows Foundation, 16 Presidential Medal of Freedom recipients, and thousands of leaders across private, public, and non-private sectors. There are 1,300 U.S institutions that actively participate in the Fulbright ***Program***, either receiving or sending students to become global citizens, a requirement in today's interconnected economy. In our challenging times, Mr. Chairman, we cannot hinder such an effective diplomatic tool as the Fulbright ***Program***. Mr. SARBANES. Mr. Chairman, I yield back the balance of my time. Mr. ROTHFUS. Mr. Chairman, again, this amendment is not meant to bring a detraction to the Fulbright ***Program***. Even with the amendment, the Fulbright ***Program*** will be funded at more than $200 million to support the initiatives that the opponents to the amendment would cite. Again, I talk about priorities. I talk about the grips of the crisis that we are seeing in this country and our neighbor to the south, Mexico. We need to be working together to address this problem. ***Programs*** like the Merida Initiative are key to solving both the crisis in Mexico and the crisis here in the United States. Mr. Chairman, I urge adoption of my amendment, and I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. Rothfus). The question was taken; and the Acting Chair announced that the ayes appeared to have it. Mrs. LOWEY. Mr. Chairman, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Pennsylvania will be postponed. Amendment No. 92 Offered by Mr. Austin Scott of Georgia The Acting CHAIR. It is now in order to consider amendment No. 92 printed in part B of House Report 115-295. Mr. AUSTIN SCOTT of Georgia. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: Page 864, line 17, after the dollar amount, insert ``(reduced by $10,000,000)''. Page 898, line 9, after the dollar amount, insert ``(increased by $10,000,000)''. The Acting CHAIR. Pursuant to House Resolution 500, the gentleman from Georgia (Mr. Austin Scott) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Georgia. Mr. AUSTIN SCOTT of Georgia. Mr. Chairman, this amendment would increase the appropriations for the Western Hemisphere regional security cooperation account by $10 million and reduce the appropriation for contributions to the international organizations account by $10 million. These funds will be appropriated to the International Narcotics and Law Enforcement Affairs account and are available for 2 years. Thus, the State Department would have to obligate the funds within that timeframe. Mr. Chairman, we lose between 4,000 and 5,000 of our fellow Americans to drug overdoses every month. This amendment reallocates $10 million to the International Narcotics and Law Enforcement Affairs account at the State Department. This will provide additional resources to combat the dangerous and illegal actions of transnational criminal organizations by supporting the efforts of the Government of Colombia in enhancing regional security capabilities to provide training and technical assistance to partners in Central and South America. Over the years, Colombia has made continuous progress in abating narcotics trafficking through various eradication operations and law enforcement efforts. Between 2009 and 2013, Colombia trained more than 22,000 military and law enforcement officers from Central America and the Caribbean countries in security operations and human and drug trafficking interdiction. By increasing funding for training and assistance activities conducted by Colombian police and military forces, we enable Colombia to train even more regional police forces to function independently. As it is here in the U.S , local law enforcement serves as the foundation for interdiction and counter-drug operations in Central American and Caribbean countries. Our ***strategic*** partnership with Colombia is aimed at ***producing*** both short- and long-term results in regional security. Over time, Colombian training and expertise provided to underdeveloped regional police forces will decrease reliance on U.S funding. Part of this progress includes the development of Colombia's rural police force, where a vast majority of narcotics are grown, ***produced***, and prepped for export to the United States. Just a few months ago, I had the opportunity to visit the Joint Interagency Task Force South and SOUTHCOM's headquarters in Florida to hear and see firsthand the challenges that migrant and drug interdiction within the Caribbean region pose on homeland and national security. I can tell you that it was an eye-opening experience, and I appreciate even more the work our Federal and local enforcement agencies are doing in interdiction and ***intervention***. When it comes to stemming the flow of narcotics to the United States, a big part of overcoming the challenges we face is ensuring that our ***strategic*** partners have the support they need to continue their efforts to tackle these threats head-on. We must continue to support these efforts. They play a critical role in not only reducing the drug flow over our borders, but promoting stability and peace throughout Central and South America. It is no secret that the United States faces a drug epidemic that touches all corners of our Nation. This amendment is just one more contribution to a multieffort, multinational approach to all law enforcement personnel involved in these efforts, as well as our allies in the region. I thank them for the important work they do in reducing the flow of drugs into the United States. Mr. Chairman, I encourage adoption of the amendment, and I reserve the balance of my time. Mr. ENGEL. Mr. Chairman, I rise in opposition to the amendment. The Acting CHAIR. The gentleman from New York is recognized for 5 minutes. Mr. ENGEL. Mr. Chairman, this amendment, unfortunately, would harm American leadership on the global stage, cutting our investment in the international organizations account by $10 million. Mr. Chairman, this bill already underfunds diplomacy and development when we should be investing more in these critical components of our national security. Cutting resources for our work in international organizations would take us further in the wrong direction. Just so we are clear about which international organizations we are talking about, they are NATO, the World Health Organization, and the International Atomic Energy Agency. Do we really want to damage the effectiveness of these organizations and our ability to lead from within them? Congress just passed critical sanctions on Russia. NATO is the main organization defending Europe against Vladimir Putin's aggression. But instead of bolstering the NATO alliance, this amendment would only reinforce the reluctance to support the North Atlantic Alliance by some in the administration. This should worry lawmakers on both sides of the aisle as well as Americans at home following the debate. How about the World Health Organization? The last time I looked, the World Health Organization was fighting the Zika and Ebola outbreaks. Do [[Page H7124]] we now want to slash its funding and undermine its role of responding to the next major pandemic? I can assure you that the diseases we don't combat abroad today eventually will reach our shores. North Korea is threatening the globe with nuclear weapons. Iran remains not far behind. So I cannot fathom why we would want to cut funding for the IAEA, given its crucial role in monitoring nuclear safety around the world. Of course, this amendment would also reduce our support for the U.N regular budget. Withholding this funding could cause the United States to fall behind at the U.N , further diminishing our standing in the world, calling into question our commitment as a global leader, and ceding ground to Vladimir Putin and others who are happy to expand their reach but who do not share our values. In fact, even a senior administration official, our own Ambassador to the United Nations, Nikki Haley, has said on many occasions that while she supports efforts to reform the U.N , she does not support a ``slash and burn'' approach. This amendment, unfortunately, is a ``slash and burn'' approach, Mr. Chairman, and I urge my colleagues to join me in opposing it. Mr. Chairman, I yield 1 minute to the gentlewoman from New York (Mrs. Lowey), my esteemed colleague who is the ranking member of the Appropriations Committee and a fellow New Yorker. Mrs. LOWEY. Mr. Chairman, I rise in strong opposition to this amendment. I agree with the gentleman's sentiments to put greater emphasis and engagement with our Southern neighbors. The United States can and should be very involved with the issues in our own backyard, especially those involving crime and drug smuggling. However, to fund this increased engagement, this amendment takes a further cut from the contributions to the international organizations account, which funds our assessed contributions to the U.N and other international bodies. This account is already $188 million below our current enacted level and will put us in further arrears to our international partners. I also think it is important to note that the offset proposed by the gentleman's amount would also come at the expense of our support to regional partners, such as the Organization of American States, the Pan American Health Organization, and the Inter-American Institute for Cooperation on ***Agriculture***. Mr. Chairman, I urge my colleagues to oppose this amendment. Mr. ENGEL. Mr. Chairman, I think the gentleman is trying to put money in place for something with which I agree. It is not that I disagree with it, but I disagree with where he is taking the money from. I think that is the problem with it. Hopefully, we can, when it comes time for a final budget, include both of these. But to borrow from Peter to pay Paul, I think is not a good idea. Mr. Chairman, I oppose the amendment, and I yield back the balance of my time. Mr. AUSTIN SCOTT of Georgia. Mr. Chairman, I would just reiterate that it removes less than 1 percent of the account. So 99 percent of the account remains in place. It will help reduce the flow of drugs into the United States. We will lose between 4,000 and 5,000 Americans not next year, but next month. Mr. Chairman, I yield the balance of my time to the gentleman from Kentucky (Mr. Rogers). {time} 1545 Mr. ROGERS of Kentucky. Mr. Chairman, the gentleman has offered, I think, a reasonably good amendment, and we would like to see it adopted, so I urge an ``aye'' vote. Mr. AUSTIN SCOTT of Georgia. Mr. Chairman, I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from Georgia (Mr. Austin Scott). The question was taken; and the Acting Chair announced that the ayes appeared to have it. Mrs. LOWEY. Mr. Chairman, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Georgia will be postponed. Mrs. LOWEY. Mr. Chairman, I move to strike the last word. The Acting CHAIR. The gentlewoman from New York is recognized for 5 minutes. Mrs. LOWEY. Mr. Chair, there is bipartisan consensus that our foreign assistance should be as effective and efficient as possible. That is why I am deeply concerned that several amendments offered by myself and my colleagues to address the destructive policies facing women's health were blocked from consideration on this bill. We know the disastrous effects of the global gag rule, which force reproductive health providers to choose between receiving U.S funds or providing comprehensive healthcare. But this bill would exponentially increase the damage of the global gag rule by expanding its application to all global health assistance. It is unconscionable to insert abortion politics into lifesaving ***programs*** that prevent pandemics, lower rates of maternal and child deaths, and treat those suffering from malnutrition, HIV, AIDS, and malaria. Since May, organizations have been trying to ensure compliance with unclear guidance. Most do not yet know the impact on their ***programs*** or whether they will be able to find new partners in hard-to-serve areas. Expanding this policy without knowing the impact is senseless and will jeopardize lives. The bill also prohibits funding for UNFPA, a primary U.S partner ensuring women fleeing violence have safe maternal care. The United States neither can nor should conduct ***programs*** in every country. We currently conduct bilateral family ***planning*** ***programs*** in 34 countries. By contributing to UNFPA, we can help women in nearly 100 additional countries get access to needed services. This bill ignores the fact that family ***planning*** is the most effective way to prevent abortion and unwanted pregnancies, and it decimates the effectiveness of our global ***programs*** for millions. Mr. Chairman, I yield to the gentlewoman from California (Ms. Lee), my colleague on the State, Foreign Operations Subcommittee who has been an effective, aggressive advocate on a whole range of issues and an invaluable member of our committee. Ms. LEE. Mr. Chairman, I want to thank our ranking member for yielding, but also I just want to thank her for her tireless leadership on our subcommittee and full committee. You truly are a champion for all Americans, especially women and girls not only in our own country but all around the world. So it is really too bad we have to stand here and even debate this again, but thank you again for your leadership. I am proud to speak in support of our ranking member's amendment to strike two poison pill riders in this bill. Now, my colleagues and I have offered amendments to strike these ideological--that is what they are--provisions both in the full Appropriations Committee and again during the Rules Committee. It is outrageous, quite frankly, that the majority refuse to allow these amendments to even come to the floor for a debate. Now, I have fought long and hard against the global gag rule, which denies family ***planning*** funding to organizations who want to help women ***plan*** their families. We have been fighting this now for at least, myself, two decades. This cruel policy is really a political football putting lives at risk just to score a few cheap political points. President Trump and this Republican majority have taken this extreme policy to the limits, expanded it to all global health funding. Let me be clear. This policy will cost lives. This administration's actions have consequences, and, sadly, it is the most vulnerable women and girls who will pay the price. The expanded global gag rule also undermines our longstanding bipartisan foreign aid priorities like fighting gender-based violence and ending AIDS. On top of that, this bill includes a prohibition of funding for UNFPA, again, based on pure ideology. UNFPA works in some of the most dangerous [[Page H7125]] places, giving care to those who need it the most. They treat victims of sexual violence and provide menstrual hygiene services and maternity care in humanitarian crisis settings. I visited many times UNFPA projects all around the world, and I have seen firsthand the tremendous impacts these ***programs*** have on the lives of those they serve. Defunding these ***programs*** truly will kill women. I urge my colleagues to reject these harmful riders, reject this bill, and get back to regular order. It is time to stop trying to push through these really untenable bills that really are very dangerous to women and girls throughout the world and babies. Mrs. LOWEY. Mr. Chairman, I yield back the balance of my time. The Acting CHAIR. The Committee will rise informally. The Speaker pro tempore (Mr. Lamborn) assumed the chair.

**Load-Date:** September 12, 2017

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[***Velocys PLC Interim results for the 6 months -2-***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PKR-24P1-JCXB-20FK-00000-00&context=1516831)

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**Body**

-- Business model. To initiate and drive the development of biorefineries from concept to full operations. To pursue multiple projects, continuously reducing delivery risk and accelerating growth. To take modest equity stakes if necessary in a few early projects, as well as deriving ongoing revenues from project delivery, technology supply and technical service support contracts.

-- Leverage capabilities. Applying our engineering, operational and project management expertise, together with our proprietary technology, to continuously improve our offering, to reduce lead times and drive down costs. To work seamlessly with our partners to deliver modular, fully integrated, financeable, cost-effective and operations-ready biorefineries.

-- ***Strategic*** partnerships. To forge enduring alliances that support multiple biorefinery opportunities, including those for investment, manufacturing, gasification, product offtake and feedstock supply, with ***strategic*** partners that have the resources, scale and capabilities to access the most attractive markets and build a material renewable fuels production position.

In June 2017, after it had been demonstrated that Velocys' FT reactors and catalyst at ENVIA were performing in line with requirements at a commercial scale, we concluded that the primary phase of our technology development ***programme*** had been successfully completed and took the decision to cease our R&D activities in the UK and certain related activities at our US technology centre in Ohio. The Company will continue to maintain a corporate management, commercial and operational office in Oxfordshire, UK, including the project management activities supporting the waste to renewable jet fuel opportunity in the UK. Velocys will continue to grow its capabilities from its operational base in Houston to take forward its new biorefinery delivery business model in the US.

These changes allow us to direct our resources towards those business-critical areas in which we need to deliver milestones in the short and medium term, as discussed below. They will also reduce the operational costs of the business on an annualised basis.

Our biorefineries

US renewable fuels

In H1 2017 we made good progress towards implementing the first stage of our strategy to develop a series of biorefineries in the US. A key milestone was reached in mid-June when the US Department of ***Agriculture*** (USDA) invited Velocys to submit a Phase II Application to obtain a loan guarantee for our first commercial-scale biorefinery. This invitation was made after a successful Phase I Application process. The loan guarantee could apply to up to $200 million of debt as part of the total installed cost of the project, accelerating the timeline and financially de-risking the project and thereby creating an attractive financeable solution for project investors.

Velocys has engaged the leading global project finance bank Sumitomo Mitsui Banking Corporation (SMBC) as the lender of record and as its financial advisor. Our goal is to complete all work packages required by the loan guarantee ***programme***, finalising the build of the consortium of partners, concluding commercial negotiations, securing project equity funding, and securing a conditional commitment from the USDA and reaching FID during the course of 2018. We are in detailed discussions with a number of potential ***strategic*** partners and are targeting having both investment and commercial partnership deals in place at a time that is consistent with the ***programme*** ***plan*** to FID.

In Q1 2017 we announced that we had established technology alliances with two companies; TRI and Morimatsu are our partners for the gasification of woody biomass and the modularisation and fabrication engineering respectively. Both companies are innovative leaders in their fields and have committed significant resources to joint work ***programmes*** that are already underway.

The skid-mounted FT section of the Velocys pilot plant has been relocated from Ohio to TRI's facility in Durham, North Carolina, where it will form part of an integrated gasification/FT technology demonstration. Work to combine the two technology platforms to form the integrated demonstration plant continues. The demonstration is a requirement for the USDA loan guarantee qualification. We will continue to provide ongoing technical and operational support to both the TRI joint demonstration ***programme*** and to the ENVIA Oklahoma plant.

In June we announced that we had selected the engineering, procurement and construction (EPC) company IHI E&C to carry out the pre-FEED (FEL-2) engineering for the first biorefinery. IHI has an excellent track record across the entire biomass-to-liquids value chain. The study, which is proceeding to ***plan***, is in its final phase. We expect to proceed to FEL-3 engineering in early 2018.

In addition to advanced term sheet negotiations with two possible offtakers for the first biorefinery in the US, the company is also advancing discussions with three other parties for the fungible product and environmental derivatives.

The process of selecting sites for our biorefineries is well advanced. We are looking beyond siting our first plant, as our aim is to develop partnerships that will deliver multiple biorefineries with a standard design. We have identified locations in the Southeast US that could host plants with capacities totalling 100 million gallons over the next 10 years. We are currently finalising the contract for placing an option on a preferred first site. We expect to be in a position to name the site later this year.

ENVIA Energy

In H1 2017, ENVIA Energy, with support from Velocys, achieved two key milestones at the Oklahoma City site. In February first FT product was successfully ***produced***; an important milestone for the Company and a landmark event for ENVIA and indeed for the industry in general. First finished, saleable products (waxes, diesel and naphtha) were ***produced*** in June and (post period end) the offtakers have begun taking delivery of the plant's products. We have hosted multiple visits to the plant by key stakeholders and potential investor and commercial partners for our biorefinery market entry.

ENVIA's facility is the commercial reference plant for Velocys' technology. On that site we have successfully demonstrated that our FT reactors and catalyst are performing in line with requirements at commercial scale. The Velocys technology being used at ENVIA is the same technology that will be deployed in our biorefineries.

From the proceeds of Velocys' fund raise announced in May 2017, $3.4m was allocated to extend the loan facility the Company made available to ENVIA in January 2016 in order to bridge ENVIA to becoming cash flow positive. All other terms of the loan, which has a 10% coupon, remain unchanged. This provision demonstrates Velocys' commitment to support the ENVIA plant through to achieving steady state operations. As of 30 June 2017 $9.1m of the total loan note ($12.7m) had been drawn down. At the date of this announcement a small amount remains to support ENVIA's ongoing operations and production ramp-up.

Coincident with the timing of the release of Interim Accounts, effective 28 September 2017, the Company has increased its voting rights in ENVIA after one of the members of the joint venture, NRG Energy, exited the JV. NRG transferred its ownership units and all associated economic rights associated with them to the other JV partners. The voting rights for the three remaining JV members, including Velocys, were accordingly increased to 33% each. There was no consideration paid in respect to this transaction, nor will there be in the future. This change will have no impact on operations at ENVIA's gas-to-liquids plant in Oklahoma City, which is the commercial reference plant for Velocys' technology.

Over recent months the highly competent and experienced on-site team has continued to advance through the pre-***planned*** ***programme*** of ramping up production to target operational capacity, at which time, the Company will await confirmation from the ENVIA Board that a key capacity milestone has been achieved; this is expected to be reached during October 2017. Additionally, a less ambitious revenue forecast based on a revision of product and RIN pricing has been ***produced*** by the Company.

Notwithstanding the encouraging performance of the plant, the Company has decided to record an impairment against its ENVIA loan facility receivable based on not yet reaching the key capacity milestone. The impairment recognises the risk of termination of ENVIA's lease and ability to continue operations if the key capacity milestone is not reached in October 2017. Reaching the key capacity milestone will result in a reversal of the impairment of the loan facility (see notes 10 and 11).

UK - waste to renewable jet fuel

In the UK we announced (post period end) that Velocys has entered into a partnership with a number of world class partners to prepare the business case for a commercial scale waste-to-jet fuel plant in the UK. Velocys will lead the initial feasibility stage of the project, for which all members of the partnership are providing funding.

Velocys intends to supply its technology to the plant and provide project management, engineering, operations and technical service support to the project. As well as Velocys the partners include: British Airways, who intend to offtake the jet fuel made at the plant; Suez, a world-leading expert in recycling and waste management; and Norma, an affiliate of Ervington Investments, Velocys' largest shareholder.

**Load-Date:** September 29, 2017

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[***Rural entrepreneurship and transformation: the role of learnerships***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5YJX-P231-DY4C-F0KF-00000-00&context=1516831)

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**Body**

**ABSTRACT**

Purpose

The purpose of this paper is to investigate the lessons that could be learnt from the first year of implementing the Wholesale and Retail Sector Education and Training Authority’s Rural Development ***Programme***.

Design/methodology/approach

This exploratory, qualitative study involved unemployed people from a rural location in Mpumalanga Province, South Africa. A focus group and in-depth interviews were held with the current learners, the ***programme*** manager, the skills training providers, and the royal custodian of the locality.

Findings

While highlighting the factors that enhance success as well as those that impede development, the study found that the learnership contributed significantly to social transformation through rural entrepreneurship. It empowers disadvantaged women and youths to gain access and skills which, if the recommended measures to sustain the ***programme*** are implemented, could enable them to grow bigger businesses.

Research limitations/implications

Since this was an exploratory, qualitative study, the limitations of a small, convenience sample need to be overcome by a larger, quantitative study, and a more complete collection of accurate secondary data.

Originality/value

Despite the obvious limitations, this study has contributed to the literature on both rural entrepreneurship and transformation in South Africa. Both are under-researched topics, despite transformation being a socio-political imperative and entrepreneurship, especially in rural areas, being a key to overcoming South Africa’s high unemployment rate.

**Introduction**

**Background**

South Africa’s wholesale and retail (W&R) sector is considered to be highly competitive. Employing 21 per cent (3.1 million) of the total workforce makes it one of the country’s biggest employers (W&RSETA, 2015). The sector contributes 12.5 per cent to the country’s gross domestic product, making it the fourth largest contributor to the nation’s economy. Small enterprises constitute about 86 per cent, medium 9.5 per cent, and large enterprises 4.5 per cent of the retail sector. In total, 67 per cent of retail employees are in formal employment, and the remaining 33 per cent are informally employed in the sector[[1]](#footnote-2)1. Men constitute 51 per cent and women 49 per cent of sector employees, while the African race dominates employment in the sector at 67 per cent. At 64 per cent white males are, however, overrepresented in top management, as the entire white population is only 8.9 per cent of all South Africans. African males only constitute 4.5 per cent of top management in the sector. People with disabilities are the most underrepresented → African females with disabilities are less than 1 per cent of top management. More than 50 per cent of retail employees have informal skills, and only 6 per cent are highly skilled. In terms of geographic distribution, the provinces of Gauteng, KwaZulu-Natal, and the Western Cape collectively employ 63 per cent of the sector’s workforce, with Gauteng being the most economically active, as 37 per cent of businesses are concentrated in that province (W&RSETA, 2014).

The Wholesale and Retail Sector Education and Training Authority (W&RSETA) aims to facilitate the skills development and capacity building needs of the W&R sector through the implementation of learning ***programmes***, disbursement grants, and monitoring of education and training as outlined in the National Skills Development Strategy (2011/2016). As such, the W&RSETA’s objectives towards the government’s development ***plans*** include contributing towards the attainment of equitable opportunities for employment for all the country’s citizens, especially those who were previously excluded by the previous, apartheid, regime, as well as updating the workers in new technologies in the industry. Among the main stakeholders involved in these developmental activities are organised labour, organised employers, government departments, skills development and training providers (both public and private), professional bodies, and bargaining councils.

The Integrated Sustainable Rural Development Strategy (ISRDS) (Mbeki, 2000) set out the mechanisms by which rural people and their elected representatives on rural district councils and municipalities could take charge of the development process in their own geographic areas. Some of the goals of the ISRDS were that by 2020 South Africa’s rural people will have basic infrastructure (e.g. decent toilets, roads and clinics), food security and freedom from poverty; full and productive employment; greater integration between towns and rural areas, especially on market days; accessible and democratic local government structures; and a healthy and productive environment. The development and implementation of the ISRDS was based on the principles of integration and partnership, thus assuming that rural development is the responsibility of government, civil society and business (the private sector). The ISRDS provided a clear distinction between the training of rural people and skills for rural development. The former had tended to train rural people in order for them to migrate to the urban areas, whilst the latter aimed to train rural people for the development of the rural areas themselves.

By 2005 reviews of the ISRDS were showing that while some progress was made on the implementation of infrastructure-based projects, very little was accomplished pertaining to the implementation of direct socio-economic projects; consequently more people continued to migrate from rural communities to urban centres. This therefore led to the conclusion that poverty alleviation would not be achieved under the current ISRDP project ***plan***, as the projects that required long-term effort were not being implemented effectively (Kole, 2005).

Subsequently, the Departments of Rural Development and Land Affairs joined forces to develop the Department of Rural Development and Land Reform (2009). The Comprehensive Rural Development ***Programme*** (CRDP) that ensued aimed to achieve social cohesion and the development of rural areas by ensuring improved access to basic services, enterprise development and village industrialisation. Two of the five policy objectives of the CRDP that are most relevant to this study are mobilising and empowering communities effectively to take control of their own destinies, and stimulating rural job creation and promoting economic livelihoods.

The key policy findings from the implementation evaluation conducted in 2013 are that there is mixed evidence regarding the various CRDP mechanisms and how well these are working and delivering benefits. Even in this ***programme*** most success has been achieved with meeting basic needs, although only limited success has been achieved with community empowerment and job creation; Second, the major challenges in ensuring that meaningful benefits are achieved, centre around improving ***planning*** and implementation processes of all three spheres of government (national, provincial and local), and strengthening partnerships with civil society and business, so that the various initiatives are demand driven, and support and complement each other at a site, or local, level[[2]](#footnote-3)2. As a result of that evaluation, targeted activities have been geared towards increasing the economic development of rural areas so as to reduce poverty levels, strengthen capacity building initiatives, and increase socio-economic improvement. Currently, economic development not only refers to growth in per capita income, but growth plus social change.

It is within this policy framework that the W&RSETA embarked on its Comprehensive Rural Development Strategy in 2011. From 2014, its mission has been to implement the region-specific projects that contribute to the social and economic growth of rural areas by enabling education and training of the highest quality in the W&R sector. While the W&RSETA has numerous other ***programmes*** to enable people with no previous retail work experience to participate in opportunities meant to transform the sector, this study is limited to the learnership that is rolled out in the rural development ***programme***.

A learnership is:[…] a structured learning process for gaining theoretical knowledge and practical skills in the workplace leading to a qualification registered on the NQF (National Qualifications Framework). Learners participating in a learnership have to attend classes at a college or training centre to complete classroom-based learning, and they also have to complete on-the-job training in a workplace. The workplace experience must be relevant to the qualification

The learnership under discussion is for the W&RSETA’s National Certificate: Informal Small Business Practice. The minimum requirement for entry is Grade 8, and learners must be either actively involved in the process of starting up a small retail business or currently self-employed in an informal business in the small, micro and medium enterprises (SMME) environment. The learnership enables participants to gain 12 months’ theoretical and practical training. The certificate forms part of a learning pathway in the W&R sector that focusses on the SMME sector. Competencies addressed focus on understanding of retail operational requirements; financial transactions, basic merchandising and stock; safety and security in the business environment; and customer service. The learners thus become retail managers, thereby addressing a scarce skill in the W&R sector. Some of the outcomes are that, at the end of their training, participants should have registered their businesses with the Companies and Intellectual Property Commission (CIPC), the South African Revenue Services (SARS), and the W&RSETA, such that they can employ unemployed youths. The goal is to create new business owners instead of creating more job seekers.

**Socio-economic conditions in KwaNdebele Royal Mgibe II traditional council**

The previous apartheid regime classified areas where Royal Kingdoms and Traditional Councils are based as Bantustans or homelands. The South Africa (2003) recognises the appointment of, and provides guidelines on the responsibilities of, the Traditional Royal Kingdoms and Chieftaincies that were disrupted by apartheid. The inefficiency of the apartheid regime’s spatial arrangements ensured not only that races were separated geographically but also that the poor were pushed to the edge of working systems. In addition, they were separated in administrative, economic, social, service, information and cultural ways. Historical restriction on entrepreneurial development, poor support from government in terms of providing people with training that addresses scarce skills, and the increasing number of retrenchees who have returned to their rural homes and have no other means of generating income have all added to the high levels of poverty in rural areas, especially among those households headed by women.

Royal Mgibe II is in the Thembisile Hani Local Municipality (Coordinates: 25° 30′ 0″ S, 28° 55′ 0″ E; Area 2,384 km2), which has a total population of 310,458; an unemployment rate of 37 per cent; a youth unemployment rate (ages 15-34) of 49 per cent; and only 26.1 per cent of its population has completed Grade 12. The average household size is 4.1; and female headed households are 46.1 per cent[[3]](#footnote-4)3. Poor households in rural villages protect themselves from income risk by diversifying their sources of income. A rural household is likely to depend on some subsistence ***agricultural*** production, small scale entrepreneurial activities, a remittance from a family member working in a city, and, if at all possible, a pension or other social grant. However, none of these is secure. Current beneficiaries of the W&RSETA’s rural development ***programmes*** are school leavers, youth and unemployed people with a desire to develop their entrepreneurial skills. The learnership is, therefore, meant to provide participants with the necessary skills to make their small enterprises sustainable, so they can generate a secure source of income for themselves and create jobs for others. The learnership has no age restriction and does not exclude participants who are already in other government ***programmes***, e.g. the Extended Public Works ***Programme***, thus making it a vibrant and inclusive ***programme***, which enables the economic participation of a wide range of rural inhabitants.

**Rationale for undertaking the study**

In light of the CRDP’s aim of increasing socio-economic improvement, the rationale for undertaking the study is to identify to what extent such a learnership contributes to rural development, through advancing entrepreneurship, in South Africa. The study is intended to estimate how much transformation has been achieved in the first year towards strengthening the economic activity of the majority who were previously excluded from participation, ownership and management in the industry. Increasing the participation of rural and small town dwellers in the larger economy would be a major achievement demanded by the current political dispensation to create an inclusive and robust economy.

**Research objectives and questions**

In seeking to understand the role that the learnership plays in promoting socio-economic transformation through rural entrepreneurship development, the questions that this study intends answering to meet this objective are: *RQ1.* What are the main success factors that have contributed to the achievement of socio-economic transformation in this rural area, if any?*RQ2.* What are the main challenges that hamper such achievement?*RQ3.* How can this ***intervention*** be implemented with more efficiency and effectiveness to ensure sustainability?

**Literature review**

**International trends in rural entrepreneurship**

Noting the shortcomings of quantifiable measures, such as regional productivity and population size, in defining the “rural”, Henry and McElwee’s (2014) working definition of a rural enterprise is one that is located in a rural setting, employs people within a specified travel-to-work area, and contributes to gross value-added. In their conceptualisation of rural enterprises, Henry and McElwee (2014) posit that the difference between a rural and an urban enterprise is almost insignificant in terms of the structure, i.e. how the business is organised and managed. There is barely any difference in the characteristics of the individual entrepreneurs either. Rather, the most pronounced difference is the very location itself, meaning the “rural” as opposed to the “urban” environment. Therefore, a rural entrepreneur is essentially an individual who conducts business in a rural, instead of an urban, setting. It is, therefore, how exogenous factors impact on the growth or failure of the enterprise that differentiates the two types (Henry and McElwee, 2014).

Exogenous factors, often outside the control of the individual entrepreneur, include the characteristics of the enterprise itself, characteristics of the village itself, access to markets, transport infrastructure, policies and environmental factors, such as topography (Bosworth *et al.*, 2015). Referring to Defra (2005), Annibal *et al.* (2013) note the following as advantages that rural areas can demonstrate: lower input costs (e.g. wages, building and rental costs), greater premises for expansion, amicable labour relations and attractive housing. Furthermore, the quality of life associated with living and working in a rural setting can have a positive impact on competitiveness, as it can attract new businesses that energise the economic, political and cultural life.

Taking the investigation of how rural entrepreneurship engages with place and space even further, Korsgaard *et al.* (2015) apply concepts from human geography to develop two ideal types of entrepreneurship in rural areas. The first is entrepreneurship in the rural; the second is rural entrepreneurship. For these researchers:The former represents entrepreneurial activities with limited embeddedness enacting a profit-oriented and mobile logic of space. The latter represents entrepreneurial activities that leverage local resources to re-connect place to space. While both types contribute to local development, the latter holds the potential for an optimized use of the resources in the rural area, and these ventures are unlikely to relocate even if economic rationality would suggest it

Despite the many advantages, it is worth noting that, even in developed economies, rural entrepreneurs can face major challenges. For example, the smallness and remoteness of the rural area can make it difficult to develop critical mass and economies of scale, thus increasing the cost of goods. The further away the metropolis, the more acute the lack of transportation infrastructure and internet or high-speed broadband access, which are vital to e-commerce development. In addition, rural entrepreneurs experience more difficulties than their metropolitan counterparts in accessing venture or equity capital, as many funders still consider the risks as much higher. Finally, rural entrepreneurs often have few qualifications and therefore less technical and managerial expertise than their metropolitan peers, a clear disadvantage in an era when economic development depends more than ever on a highly skilled workforce. Consequently, studies on innovation and entrepreneurship in rural communities, such as Henderson’s (2002) in the USA or Escalante and Turvey’s (2006) in Canada, have long concluded that a conducive entrepreneurial ecosystem for successful rural development ought to be based on the following four pillars: entrepreneurship education and training; policies that foster business networks linking entrepreneurs to suppliers; policies that ensure access to capital; and infrastructure and entrepreneurial support.

The development of rural entrepreneurs is a strategy that has been used since the 1990s in the USA to stem the escalating rural poverty. It had become evident that rural poverty levels were approaching those found in the inner cities, due to economic globalisation and the decline of textile industries and farm-based jobs over the past decades. Most of the new jobs being created were in sectors such as business, finance and health services, often scarce in rural areas. In many non-metro counties lower-paying jobs in services and retail replaced higher-paying work in factories (Wortman, 1996). For instance, by 1997 many of the counties in North and South Carolina were reporting poverty levels of 20 per cent (The Rural ***Program***, 2001). What subsequently became apparent as policy makers attempted to reverse this trend in the USA, and in European economies, was the need to customise approaches to building rural social capital according to the specific needs of the entrepreneurs to be served (Lyons, 2002; Stathopoulou *et al.*, 2004). Policies that work best have high levels of local involvement in project formulation and implementation (North and Smallbone, 2006).

So, in developed countries, a large body of work has been published on rural entrepreneurship, most of it on ***agricultural*** enterprises. In addition to the constant challenges of accessing capital (Zhang and van Auken, 2011), some of the pertinent publications include studies on skill sets required for successful “agripreneurship” (McElwee, 2006); farm diversification in response to local and international trends (McNally, 2001; Jostein and McElwee, 2011); illicit rural economic activity (Somerville *et al.*, 2015); and the critical role of the internet in creating virtual bridges that expand markets and develop social capital for rural micro-enterprises (Burke, 2011; Townsend *et al.*, 2016). With the increased participation of women in entrepreneurship, there is also a growing amount of literature on how personal and family responsibility affects rural female entrepreneurs and how policy and support measures need to accommodate these (Warren-Smith, 2014).

Furthermore, entrepreneurial studies are increasingly being offered by a number of business schools globally. However, Higgins *et al.* (2013), from the UK, posit that traditional pedagogical methods of learning may be inadequate to develop entrepreneurs who can master the complexities of running and creating innovative business opportunities. Traditional approaches that focus on theory rather than practise tend not to address the uncertainties and ambiguities of the entrepreneurial process. In addition, the historical individualist approach to entrepreneurship tends to marginalise the broader social context of the entrepreneur. As a result, Higgins *et al.* (2013) propose that attention should be shifted towards “learning for” instead of “learning about” entrepreneurship. In essence, their study reflects on the role of reflexivity in entrepreneurial education as a means of highlighting the diverse skills and new modes of behaviour required to critique what it means to be an entrepreneur.

**Rural entrepreneurship in developing countries**

Studies have also been undertaken in developing countries to investigate both the regulation and application of policies on rural development, especially concerning women and the youth. Cho and Honorati’s (2014) reviews of various entrepreneurship ***programmes*** in developing countries, found a wide variation in their effectiveness depending on types of beneficiaries, outcomes and country. To combat the lack of qualifications and skills, many rural policy makers have introduced entrepreneurial development ***programmes*** focussed on improving the skills of the individual. Overall, entrepreneurship ***programmes*** had a positive impact on the youth and on increased business knowledge and practice. However, the achievements did not immediately translate into the setting up or expansion of businesses nor did they increase income. They found that promotional packages that combined training and financing were more effective for improving business activities, with financing being more effective in improving business performance for women and business training being more effective for existing entrepreneurs.

Key findings from Mexico also highlighted the need for entrepreneurial training ***programmes*** for rural ***producers*** to improve critical skills, such as marketing, finance, networking and logistics, while also underlining the importance of properly ***planned*** policies that enable effective dialogue between the community and the state (Bosworth *et al.*, 2015). Similarly, a study from Iran shows that providing training opportunities for entrepreneurs increases profit (Hosseini *et al.*, 2012). The literature reviewed by Fernando *et al.* (2014) underscores the effectiveness of experiential learning, i.e. learning which occurs in the process of doing instead of following the conventional/formal mode of education. Their literature review also confirms the increasing rate of women entrepreneurs in developing countries, such as, Kenya, Tanzania and Ethiopia → thus acknowledging their contribution to economic growth and social development through job creation and the reduction of poverty and unemployment.

In many instances, however, women are disproportionately challenged by family responsibility, traditional sexual divisions of labour, lack of education (which affects their access to information and knowledge), and by barriers to obtaining credit and financial support. According to the study by Fernando *et al.* (2014) which reports on the experience of entrepreneurial training for female farmers in Uganda, the success of the entrepreneurship ***programme*** that the UK researchers were implementing was essentially hampered by these same challenges. The conclusion was that more training schemes (that also include men) will be required to reverse the long-term effects of the barriers above, so as to improve women’s knowledge and skills at all stages of the entrepreneurial process. This conclusion is supported by others who emphasise the importance of imparting technical knowledge, skills training and marketing techniques to women. Without women, economic development cannot take place (Paramanandam and Packirisamy, 2015).

There is a dearth of literature on rural entrepreneurship in South Africa. While Watters’ (2008) study points to the need to have a holistic approach when implementing rural ***interventions***, she limits her emphasis to emotional and ongoing support for development. Somewhat relevant for our purposes, however, is a study on the linkages of theory and practise in the W&R sector in South Africa that was conducted by de Mink (2007). She examined the experiences of learners who completed a W&R “learnership”, a ***programme*** that combined structured college-based learning, practical work-based learning, as well as the integration of theory and practice. She found that South Africa’s multi-level National Qualifications Framework provides for academic as well as vocational training and promotes a “multi-pronged” skills development strategy. This suggests that the learners had integrated theory and practice, which increased their competency. The study concluded that the structured college-based learning enabled the learners to implement in the workplace what they learnt at the college.

In summary, it seems skills development ***programmes*** have a significant role in enabling rural entrepreneurship to transform the lives of participants. It is also evident that the approach for developing and enhancing rural entrepreneurship must combine theoretical and practical elements in a manner that conceives of the entire ***intervention*** as a learning process. The approach should, obviously, also take into account the specific needs and geography, while ensuring access to finance as a way of embedding sustainability. As the global economy becomes more digitally advanced, the information technology and physical infrastructure in rural communities should keep up, or those inhabitants will fall further into poverty.

**Methodology**

The purpose of this exploratory research was to delve into an under-researched area, namely how the application of a retail learnership can contribute to increased entrepreneurship in rural areas, and how such increased entrepreneurship could contribute to socio-economic and socio-political transformation in the retail sector. A case study design within the interpretive research paradigm was used to focus this research study → the case selected was the W&RSETA’s “Informal Small Business Practice” learnership as it is implemented in KwaNdebele Royal Mgibe II Traditional Council.

The KwaNdebele Royal Mgibe II Traditional Council is one of five rural areas in which the W&RSETA piloted its “Informal Small Business Practice” learnership in 2015[[4]](#footnote-5)4. A total of 500 learners participated from the five rural areas, and 255 of them were from Royal Mgibe II Traditional Council. For our purposes, this site was chosen because it has the largest number of learners and being only 90 minutes away, is closest to Pretoria, the W&RSETA head office.

Legislative and policy documents, such as the W&RSETA’S Sector Skills ***Plans***, annual reports, and ***programme*** implementation and monitoring documents, were first reviewed. These provided useful information that provided a better understanding of how the W&RSETA has used its mandate to shape its role and responsibilities towards the process of rural transformation through entrepreneurship development. A review of the literature on international and local practices and the application of entrepreneurship education proved useful in guiding the data collection processes and in focussing the analysis, so that sound recommendations could be made and a viable way forward could be proposed.

Regarding the empirical study, a focus group consisting of eleven rural learners was held in the KwaNdebele Royal Mgibe II locality. The learners were chosen based on their proximity and availability when the prince (the current “royal custodian” in KwaNdebele) invited at least 15 to come to a focus group discussion. One-on-one, in-depth interviews were subsequently held with four of the learners to solicit their opinions on their experiences of the ***programme***. Two of these four learners were interviewed in even more detail and their experiences are presented below as case studies. Depth interviews were also held with the W&RSETA ***programme*** manager, the prince, and the director of the company that provides the training. While some of the interviews were face-to-face, others were telephonic. A carefully designed short questionnaire consisting mainly of open-ended questions was developed from the literature review and was used to guide both the focus group discussion and the depth interviews. This questionnaire sought to elicit participants’ comments on the successes and challenges of the ***programme***, how the learnership enabled their participation in the socio-economic development of their villages, the appropriateness of the training curriculum and recommendations on how the ***programme*** could be made more effective.

Interviews and focus group discussions were digitally recorded and then transcribed verbatim. Before analysing the data, all questionnaires, transcripts and field notes were checked for completion. Hard copy transcripts were used to manually analyse the data. Open coding was used to organise the data into categories (Chilisa and Preece, 2005). This is the process of interpreting data by linking a word or a phrase, or by breaking down words or phrases, in the transcripts, into themes or concepts to form a meaningful finding from all the data collected. When similar codes are found throughout the transcripts, a strong case for the credibility of the research findings can be made (Chilisa and Preece, 2005). Transcription and analysis of the data was guided by the following thematic categories: the role that rural entrepreneurship plays in transformation at both personal and community levels; the contribution of skills development and training to entrepreneurial success; the perceived efficiency and effectiveness of the ***programme***; and advice on what the W&RSETA ought to do to ensure that the its ***programme*** becomes sustainable.

Regarding ethical issues, the study received ethics approval from the Cape Peninsula University of Technology’s Research Ethics committee on 25 March 2015 → Clearance Certificate No. 2015 FBREC 260. Consistent with this approval, all participants in the study were informed verbally about the study and their role, and completed an informed consent form, which assured them of confidentiality and anonymity. The purpose and objectives of the study and the importance of their contribution was emphasised.

**Findings**

This section will highlight the findings on how the learnership helps to improve the quality of life of the participants, their families, and their community at large, according to the two main sub-themes of this research, namely, the role of the learnership in socio-economic transformation, and how the learnership contributes to entrepreneurial success.

**Case study 1**

Before the learnership Agnes[[5]](#footnote-6)5 had a catering business, which she had set up after taking a two-week catering and decorating course in Johannesburg. She provided food and décor, mostly for local government functions. Her market research revealed that people in the village would be happy to procure her services. Often working women do not have sufficient time during the week to prepare for a wedding, birthday party or other labour intensive family gatherings. So, Agnes subsequently diversified her clientele to include private households, for which she also bakes scones and makes traditional sorghum beer. As a result of the learnership, she learnt to market her company by getting business cards printed, which she distributes as widely as possible. She has also put flyers on store windows and other ***strategic*** public spaces to help advertise her services. This helped her get more clients, as she could rely on more than word-of-mouth to get more business from the people in the community. She is not shy to talk about her business anymore and has gained a lot of confidence in this regard.

Before the course Agnes used all the profit from her catering business to meet her personal financial commitments and maintain her lifestyle. From the course she learnt that the money belongs to the business and had to be used to grow it. She then started using it to buy more equipment, such as, larger pots, food warmers, stoves and additional décor items. This enabled her to diversify her services, as she was now able to hire equipment out to those villagers who want to cater for their own functions but do not have large pots and multi-cylinder gas stoves.

Moreover, she had to limit herself to a set monthly salary. In addition, while previously she had no books for recording her income and expenditure, the course taught her to file receipts and use basic accounting skills for monitoring the business’ finances. Overall, profit has increase by about 50 per cent in the past year.

Because Agnes’ business is growing, she now often caters for big functions and can employ about 15 people at a time to help with the cooking and décor at each event. Her contribution to job creation also transfers skills to the local villagers where she is catering, i.e., she does not take people from her own village to work with her in another village. Leftover food is given to those who were assisting with the cooking or to poorer people in the village. One of the women, who has worked with her in the past year, has now started offering her own catering services, thus setting up her own small business and generating income for herself. Because her business has grown busier, Agnes has also generated more income for the owner of the van that transports her equipment from place to place for functions.

**Case study 2**

Jane’s house is close to a school. Before the learnership she had a tuck shop, selling cold drinks, snacks, sweets, over-the-counter-medicine (e.g. pain killers and cough mixtures), as well as staples, such as, mashed potato with meat and gravy from her kitchen. She made additional income from braiding people’s hair outside in the shade when business was quiet during the day.

During the learnership, she administered a market research questionnaire to 50 people. She asked what they would like to buy from her shop that would save them time; how much they pay for those goods elsewhere; how much they would be willing to spend on those goods at her shop, etc. Her findings were that about 35 per cent preferred to buy from her and the rest preferred the big retailers, such as, Spar and USave. Other findings were that clients wanted larger quantities of the goods she was selling, for example, 100 instead of ten tea bags in a packet, or 12.5 kg instead of 2 g of maize meal to last for a whole month. Even though she puts on a mark-up, they acknowledged that the tuck shop saves them time and money on transport to the nearest town 15 minutes away. From these findings Jane realised that she had to put on a higher mark-up to make more profit and she had to buy her stock at wholesale instead of retail prices, which would save her money. For instance, if she bought 20 bags of the 12.5 kg mealie meal, the goods would be delivered to her for free. To that delivery she could also add the cold drinks, sweets, etc., further saving on delivery costs. In the learnership she had also been taught how to pack groceries in boxes to maximise space utilisation. Jane’s customer base has increased now that word is spreading that she sells a wider range of groceries. She also saves money by buying cheaper soft drink brands → Kingsley, Tweezer and Refresh → instead of the original Coca Cola.

Jane’s tuck shop now opens at 6:00 a.m., as she has a bakery truck that delivers fresh bread daily. Villagers buy early in the morning to make lunch sandwiches for their children. She closes at 19:30 p.m. to enable customers to buy groceries for dinner. Her 15-year old daughter helps in the tuck shop after school. This has improved her marks in Maths and Economic Management Science. Jane’s husband, who has a full-time job elsewhere, also helps her on weekends and holidays.

The learnership also taught Jane bookkeeping skills and to set a monthly salary for herself. Because she now uses the rest of the profit to grow her business, she has been able to buy more stock. Instead of selling only cooked meat, she bought a second large freezer and now sells frozen packets of chicken wings and drumsticks. With the stipend from the learnership she installed security bars in the kitchen door and additional shelves for tinned goods. She also put a roof on her double garage. Now she is saving to buy the doors and to put in display shelves, as the kitchen is becoming too small for her burgeoning business. Operating from the garage will bring even more customers, as it faces the road, unlike the kitchen at the back of the house. While the tuck shop is rather quiet in the middle of the day, it is very busy all day at month end. Profit has grown by about 100 per cent since Jane started the learnership. Jane no longer braids hair, as she is focussing on growing sufficiently to be able to build a big store in the next five years, so that she can become a wholesale distributor for the small local tuckshops that would be buying from her.

**Role learnership plays in socio-economic transformation, at both personal and community level**

An overwhelming majority of the rural learners were black women (228) of whom 68 per cent (155) were less than 35 years old. They are among the most disadvantaged in the country. Rural men tend to obtain jobs in the cities and mines, while women are left behind to tend to the children, the elderly, and the sick. Since this learnership ***programme*** helps non-farm entrepreneurial activities to improve the women’s self-sufficiency, and, by extension, food security, it is a good indicator of a successful transformation initiative.

Second, as the development of the SMME sector is predicted to be the main factor in reducing unemployment, this learnership has the potential to enable the participants to be meaningfully engaged in their municipalities’ local economic growth, in the W&R sector in particular, and in the larger national economy.

In addition, the entrepreneurial skills are spreading indirectly to other members of their families, as they often end up assisting the direct participants. Jane’s family exemplifies this phenomenon well. Essentially, the overall quality of the participants’ lives improves as they ignite the entrepreneurial spirit in their households and become better able to provide for themselves and their families with their profits. In general, since the ***programme*** started in 2015, there is an increased level of economic activity, enthusiasm and focus, which was not there before among the educated, but previously unemployed, youth. The learners are taking their businesses seriously, because the W&RSETA has also taken them seriously.

The ***programme*** also helped to galvanise Royal Kingdoms and Traditional Councils into becoming more organised and responsible stakeholders. The role of the prince, as an enlightened traditional leader and custodian of the ***programme***, primarily is to ensure the proper implementation of the ***programme*** at the local level, i.e. to hold all the stakeholders (the W&RSETA, the training providers, and the learners) responsible for their deliverables, thus making him more involved in the economic development of his locale. For example, the royal incumbent has to call community meetings to publicise the ***programme***, ensure candidates who meet the set criteria are appointed, monitor that all payments are made on time, that learners use their stipends to buy stock and grow their business, and take photos as evidence of work done.

**Contribution of learnership to entrepreneurial success**

This sub-theme highlights how the design and implementation of the learnership enables or limits the success of the learners.

The learnership offers a high quality of education that the learners can be proud of, meaning it is not condescending to the rural poor by offering them a low quality of education. The majority of the participants have school leaving qualifications. However, while their oral communication might be good, their written communication is not. Therefore, attending the workshops in which manuals are written in English has helped to improve their English comprehension skills, which is important in a country where English is the language of trade. The learners’ improvement in written and oral English language skills renders some to be better able to assist their children with homework. These are spin offs which are not financial but have the potential of improving the children’s confidence and of opening up better opportunities in future (e.g. higher pass rates at school or better prospects of getting a job or owning a business). However, for some the numeracy components remained an obstacle as they had been out of school for a long time; consequently, the Maths module is enjoyed the least. As a result, the facilitators are considering implementing more user friendly examples to assist learners.

Second, the outputs are practical and relevant. For example, the learners have to open bank accounts to receive their stipends. They have learnt to separate their business accounts from their personal savings accounts; to keep records and invoices; manage cash flow; order stock; as well as develop customer service skills. The learners also conduct market research and write business ***plans***. Their market research skills helped them to understand their target markets better. Now, as a result of the market research, during pension pay out days in the rural areas, some learners go out and sell their products closer to the pay points; this is evidence of knowing their customers and their buying trends. Previously the bulk of the government grants that are paid out on market days would be spent in big retail stores, thus enriching those who are already wealthy. These rural development initiatives are reversing that pattern, even if on a miniscule scale at present. This is another example of how the learnership has borne tangible results. These results provide the learners with confidence in their ideas, motivate them on the way forward, and also show them how they are progressing. The learners also have to register their businesses with the CIPC and with SARS, meaning that they are now legally trading South Africans. For many these activities alone create a “mind-shift” and transform their self-worth as they begin to see themselves as owning real businesses → not just pursuing hobbies. They thus begin to see themselves as being on a path to financial freedom. By December 2015, 189 learners from KwaNdebele Royal Kingdom were prepared for external moderation, which also demonstrates that the training providers are competent mentors.

All the participants now own tablets, as they were encouraged to buy these to be better able to access the internet for research purposes, e-banking transactions, and general electronic communication, such as CIPC online registration, which saves them from having to go all the way to the City of Pretoria just to register their companies. Sometimes the skills training providers e-mail additional educational resources to help them understand the lesson more thoroughly. For the most part the learners still rely on the two internet stores in the villages for printing, but it is liberating that they can perform most of the functions that require basic IT access from the palms of their hands.

Because the learnership has a strong practical component, those learners who did not have existing businesses have used their stipends to set up businesses from scratch. The range of small businesses that have been set up is quite varied. It includes buying and selling traditional Ndebele arts and crafts with the aim of participating in national expos and exporting to international markets; buying fruit and vegetables from town and selling from a stall; selling airtime from a machine; selling fast food (chips and quarter loaves with relish); and selling cleaning products for cars, domestic use and pit toilets. Many were able to buy stalls, erect shelves and hire a van to buy bulk stock from town.

Furthermore, the learners have also been taught to diversify their businesses so as to improve sustainability. For example, Agnes has also established a catering equipment hiring business instead of relying solely on her cooking services.

The learners are also being encouraged to form co-operatives where possible. For instance, a group of hair stylists joined forces to open a larger hair salon instead of individually competing for the same clients. Another group of learners saved their stipends collectively and now own a successful co-op selling chickens.

All the learners agree that the manner in which the modules are taught, the care that the service providers take to explain concepts (even in the isiZulu and Sesotho languages, where necessary), as well as the practical nature of the exercises, all contribute to meeting their educational needs. Consequently, only one learner out of 255 dropped out in KwaNdebele. The skills training providers have shown immense commitment to the ***programme***. They train four different groups in KwaNdebele, for instance, meaning they are on site every week for four to five days. It is, in fact, a testimony to the commitment of the training providers that the majority of the learners agreed that anyone who participated in the learnership with a serious desire to own a business at the end → which is the main outcome of the Qualification → should be able to do so by the end of the year In turn, the skills training providers have found excellent support from the W&RSETA head office. Their suggestions are implemented where possible, and an enabling relationship has been established.

**Challenges**

This section identifies and describes those factors that have hindered, prevented or limited successful transformation.

While some of the learners found the intense lessons of benefit, forcing them to work hard under pressure, others felt that the modules had too much information to be absorbed during a four or five-day session. They wished for some of the modules to be spread over two training sessions. Moreover, most learners lamented that they did not have mentors who could give them advice. For example, although they had been taught conflict management skills, they sometimes faced challenges that they wished they could discuss with more experienced business owners who could coach them on how to resolve conflicts with clients or suppliers. The absence of practical workplace experience was cause for dissatisfaction for many learners. For instance, they desired workplace experience where they could see how the bookkeeping is actually done on a daily basis, instead of relying only on the theory and practical exercises they did in their manuals in class.

Furthermore, some learners found the large geographic area over which the ***programme*** was spread to be an inconvenience, as they had to take two minibus taxis to get to the training workshops. Switching from one taxi to another can cause long delays at the taxi rank, which sometimes made them late for the workshops.

Another challenge is that, because the penetration of foreign immigrants, from nearby Zimbabwe and Mozambique or faraway Nigeria, Somalia and Pakistan, into the rural areas has increased at an exponential pace, indigenous South Africans now have to compete with people with international entrepreneurship qualifications, which were introduced decades ago in some of the other African countries. In short, foreign immigrants have an advantage over locals, who, due to the legacy of apartheid’s economic and educational policies, are just beginning to learn entrepreneurial skills.

The biggest challenge facing the rural development ***programme*** is that the national annual target for learnerships of 500 is too small. This makes the impact of this transformative ***intervention*** less than it could be.

**Implications**

This section presents some recommendations for improved implementation and administration of the learnership, based on all the findings.

While R2,000 (approximately US$130) per month might suffice for those learners who already own businesses, it is insufficient for those starting from scratch. They need a bigger stipend. The prince should also be provided with running costs to ensure the smooth administration of the project. This would not be money for personal gain but rather to make sure he, as the local administrator, does not have to use his own private funds, or resources from the other activities of the traditional council, to subsidise this entrepreneurship ***programme***.

Second, appropriate business mentors need to be identified. For instance, the learners could participate in the enterprise development ***programmes*** of the many big retailers and wholesalers that are registered with the W&RSETA. This, of course, would improve the retailers’ Black Economic Empowerment score cards while also creating truly sustainable small businesses. The W&RSETA should therefore consider offering a further year of mentorship to the students, as the theoretical lessons and portfolios of evidence alone are not sufficient for sustainable entrepreneurial development. Such experiential learning would definitely prove more useful than the more advanced skills development courses that the learners desire, such as a business management learnership. Now that they have set up their small businesses, the learners expressed a desire to learn to manage human resources as their businesses grow. It is very expensive for the learners to register for such courses in private colleges, which are often far from their villages. While online options or more advanced courses currently available among the W&RSETA’s offerings could be delivered, exposure to thriving large retail businesses would prove much more beneficial than more theoretical learning.

Furthermore, the learners had very impressive ideas about how they could truly diversify and improve the local economy if given capital and proper guidance. Instead of being limited to owning taverns, car washes, hair salons, or fast food stalls, they would like to learn upholstery and furniture manufacturing, or plumbing, so they can install pipes and taps for rural homeowners, as there are a growing number of modern homes replacing the traditional mud structures. Some wish to manufacture diapers, cleaning products, and hair pieces (weaves), or own a fried chicken franchise, or sell gas and petrol across the border into Zimbabwe, where such commodities are bought from private suppliers instead of petrol stations. It is, therefore, strongly recommended that the W&RSETA and relevant stakeholders (e.g. wholesalers, the Department of Trade and Industry, franchise organisations, other SETAs, etc.) rise to the challenge, collaborate and strategise on how to transform these small and micro businesses into diversified, high-growth enterprises. There is, indeed, a pressing need for the W&RSETA to implement a well-structured system for assisting learners to access capital and incubation ***programmes*** to help fulfil their true entrepreneurial dreams and ensure the long-term sustainability of the businesses.

Currently the W&RSETA is focussing only on small and micro businesses in the rural areas. Even these cannot grow fast enough when the majority of villagers are unemployed and therefore cannot support them. In fertile soil such as that found in Mpumalanga Province, large vegetable gardens can employ many people while supplying big retailers. This means more people will have money to support the small businesses and help them grow. Such vegetable gardens would also ensure local food security.

There are fewer males in the learnership as most males seem to prefer ***agriculture*** to any other training. It also seems that some of the males did not believe that this learnership ***programme*** would kick off or would be a success. Therefore, more attention needs to be paid to changing their attitude to such developmental ***programmes***.

Furthermore, the W&RSETA should enable Technical Vocational Education and Training Colleges to offer this qualification as some have campuses in rural areas. The W&RSETA should also increase the number of accredited training providers to be able to deliver the learnership as far and wide and as fast as possible.

It was difficult to get information about the rural development ***programmes*** or ***interventions*** that were implemented before the current manager assumed the role in 2014, thus indicating a lack of continuity and a loss of institutional memory. It is therefore critical that accessible and user friendly data capturing and archiving processes be implemented in order to keep proper records and analyses of the transformation to which the W&RSETA contributes. It is also necessary to track how the businesses fare after the learnership, e.g. how revenue or the number of employees grows, and how to optimise success. Rigorous monitoring and evaluation mechanisms need to be built into the rollout of the ***programme*** for the future.

**Discussion**

So, what are the critical lessons learnt? This sections aims to answer this question based on the findings and recommendations above. Our review of international literature indicated that successful rural entrepreneurship development depends on the agents being flexible enough to view the task as a learning process for all stakeholders. This involves learning to improve effectiveness, efficiency and expansion. This study evaluated the W&RSETA’s role in rural socio-economic transformation with that approach in mind.

**What are the main success factors that have contributed to the achievement?**

With regard to assessing the role of the learnership in facilitating transformation through enhancing rural entrepreneurship, it cannot be denied that the ***programme*** has immense potential, as it focusses on the rural poor, especially women. This is a very important success factor, since most learners are young people, who would otherwise be unemployed, as there are few farming or commercial activities in their villages. Another lesson is that for the learnership to be transformative, it must be of high quality and have practical outcomes, e.g. bank accounts, market research, business ***plans*** and the diversification of offerings. The third lesson is that such a ***programme*** must be facilitated and implemented by committed training providers and ***programme*** managers. They should see themselves as the learners’ primary mentors and coaches. They should, most crucially, perceive themselves as transformation agents with a strong interest in the development and success of the learners.

Moreover, that the W&RSETA encourages access to technology is highly commendable, as this will ensure that the learners do not become socially excluded from global opportunities. In a similar vein, it is useful to have a local authority figure overseeing the implementation of the ***programme***. This forces all learners, service providers and head office to be accountable.

Perhaps the most important lesson learnt from the first year of this ***intervention*** is that it is indeed possible to transform the rural economy without pushing rural people into towns and cities. There are viable ways of creating jobs and livelihoods for the rural poor in their own communities.

**What are the main challenges that hamper the achievement?**

With regards to the challenges, the following are noteworthy: the stipend is insufficient, so financial support needs to be reviewed to ensure the continued involvement of participants. Neither the participants nor the royal prince can achieve their best if the budget is insufficient. The need for proper financial structuring cannot be underestimated in rolling out a ***programme*** of this nature. The second challenge is that of the small number of participants. In order to have the desired impact on the rural landscape, the national target must be increased exponentially. It is therefore important to ***plan*** for a much larger rollout in the future. The size of the ***intervention*** is therefore an important factor to consider. However, the most pressing challenge is that the learners need exposure to larger retail stores to be able to gain the much desired practical experience. The emphasis on registering the small and micro-enterprises with the appropriate regulatory government authorities takes away the focus and resources that should be on gaining experience in larger retail stores. Combining theory and practice in such a manner will enhance the establishment of sustainable businesses and perhaps even grow some into larger entities over time.

**How can this *intervention* be implemented more efficiently and effectively to ensure sustainability?**

The learners’ vision of the kind of businesses they would like to own differs greatly from the ones they are currently pursuing. They have identified what businesses would adequately address the cultural and socio-economic changes that are taking place in their villages. The ***programme*** sponsors need to take this into consideration. For the ***intervention*** to be more effective, learners should be trained in establishing and managing the businesses in which they are actually interested. This might also attract more male participants. The ***intervention*** will be implemented more efficiently if more relevant business choices, access to capital and incubation opportunities are provided for the learners. To this end, the need to assist learners to access wider markets (international or local expos), enterprise development ***programmes***, etc., to grow their businesses and create more jobs is critical. Given the high rate of poverty in the rural communities, urgent collaboration between a wide range of like-minded organisations needs to occur for meaningful change to happen at the scale at which it ought to be realised.

Finally, while implementing the monitoring and evaluation mechanisms required to maximise efficiency and effectiveness in future, it will also be necessary to encourage some colleges in rural areas throughout the country to offer this qualification to ensure the scaling up of delivery.

**Limitations and recommendations for further research**

This study was based on a case study of a single ***intervention*** with a relatively small, convenience sample. Therefore, any attempt at generalisation should be done with care. However, it should be remembered that one of the objectives was to understand how such an ***intervention*** can impact of transformation in the socio-development of entrepreneurs in a rural area. Thus, from an exploratory point of view, the study can be defined as having illustrated successful transformation from the perspective of the respondents. In order to be able to overcome these limitations, and to be able to generalise these findings, a larger, quantitative study (possibly including a longitudinal study with pre- and post-testing of skill sets, business growth, profit, etc.) and a more complete collection of accurate secondary data is recommended.

Furthermore, the sample was biased towards females, so a larger representation of males in future investigations should be sought, although it must be realised that the population of “rural entrepreneurs” does appear to be skewed towards females. As the learnership was piloted in only five royal rural localities, in future some of the other royal localities should also be researched to identify what differences or similarities exist between the various areas. Further research could also investigate the success and failure rates of the learners’ enterprises to identify the specific circumstances enhancing success and sustainability in the medium to long term.

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RR\1126715EN.docx PE599.838v02-00 EN United in diversity EN European Parliament 2014-2019 Plenary sitting A8-0202/2017 24.5.2017 REPORT on building blocks for a post-2020 EU cohesion policy (2016/2326(INI)) Committee on Regional Development Rapporteur: Kerstin Westphal PE599.838v02-00 2/21 RR\1126715EN.docx EN PR\_INI CONTENTS Page MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION ............................................ 3 EXPLANATORY STATEMENT ............................................................................................ 14 OPINION OF THE COMMITTEE ON BUDGETS ................................................................ 16 INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE ................................ 20 FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE .................................... 21 RR\1126715EN.docx 3/21 PE599.838v02-00 EN MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION on building blocks for a post-2020 EU cohesion policy (2016/2326(INI)) The European Parliament, – having regard to the Treaty on European Union (TEU), in particular Article 3, and the Treaty on the Functioning of the European Union (TFEU), in particular Articles 4, 162, 174 to 178 and 349 thereof, – having regard to Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European ***Agricultural*** Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 (hereinafter ‘the Common Provisions Regulation’)1, – having regard to Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/20062, – having regard to Regulation (EU) No 1304/2013 of the European Parliament and of the Council of 17 December 2013 on the European Social Fund and repealing Council Regulation (EC) No 1081/20063, – having regard to Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal4, – having regard to Regulation (EU) No 1302/2013 of the European Parliament and of the Council of 17 December 2013 amending Regulation (EC) No 1082/2006 on a European grouping of territorial cooperation (EGTC) as regards the clarification, simplification and improvement of the establishment and functioning of such groupings5, – having regard to Regulation (EU) No 1300/2013 of the European Parliament and of the Council of 17 December 2013 on the Cohesion Fund and repealing Council Regulation (EC) No 1084/20066, – having regard to Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 1 OJ L 347, 20.12.2013, p. 320. 2 OJ L 347, 20.12.2013, p. 289. 3 OJ L 347, 20.12.2013, p. 470. 4 OJ L 347, 20.12.2013, p. 259. 5 OJ L 347, 20.12.2013, p. 303. 6 OJ L 347, 20.12.2013, p. 281. PE599.838v02-00 4/21 RR\1126715EN.docx EN laying down the multiannual financial framework for the years 2014-20201, – having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/20022, – having regard to the Commission communication of 14 September 2016 entitled ‘Mid-term review/revision of the multiannual financial framework 2014-2020 – An EU budget focused on results’ (COM(2016)0603), – having regard to the Commission communication of 14 December 2015 entitled ‘Investing in jobs and growth – maximising the contribution of European Structural and Investment Funds’ (COM(2015)0639), – having regard to its resolution of 16 February 2017 on investing in jobs and growth – maximising the contribution of European Structural and Investment Funds: an evaluation of the report under Article 16(3) of the CPR3, – having regard to its resolution of 13 September 2016 on European Territorial Cooperation – best practices and innovative measures4, – having regard to its resolution of 11 May 2016 on acceleration of implementation of cohesion policy5, – having regard to its resolution of 21 January 2010 on a European Strategy for the Danube Region6, its resolution of 6 July 2010 on the European Union Strategy for the Baltic Sea Region and the role of macro-regions in the future cohesion policy7, its resolution of 28 October 2015 on an EU strategy for the Adriatic and Ionian region8, and its resolution of 13 September 2016 on an EU Strategy for the Alpine region9, – having regard to its resolution of 6 July 2016 on synergies for innovation: the European Structural and Investment Funds, Horizon 2020 and other European innovation funds and EU programmes10, – having regard to its resolution of 10 May 2016 on new territorial development tools in cohesion policy 2014-2020: Integrated Territorial Investment (ITI) and Community-Led Local Development (CLLD)11, – having regard to its resolution of 26 November 2015 on ‘Towards simplification and 1 OJ L 347, 20.12.2013, p. 884. 2 OJ L 298, 26.10.2012, p. 1. 3 Texts adopted, P8\_TA(2017)0053. 4 Texts adopted, P8\_TA(2016)0321. 5 Texts adopted, P8\_TA(2016)0217. 6 Texts adopted, P7\_TA(2010)0008. 7 Texts adopted, P7\_TA(2010)0254. 8 Texts adopted, P8\_TA(2015)0383. 9 Texts adopted, P8\_TA(2016)0336. 10 Texts adopted, P8\_TA(2016)0311. 11 Texts adopted, P8\_TA(2016)0211. RR\1126715EN.docx 5/21 PE599.838v02-00 EN performance orientation in cohesion policy for 2014-2020’1, – having regard to its resolution of 9 September 2015 on ‘Investment for jobs and growth: promoting economic, social and territorial cohesion in the Union’2, – having regard to its resolution of 9 September 2015 on the urban dimension of EU policies3, – having regard to Commission communications and Parliament resolutions on the outermost regions, in particular its resolution of 18 April 2012 on the role of Cohesion Policy in the outermost regions of the European Union in the context of EU 20204 and that of 26 February 2014 on optimising the potential of outermost regions by creating synergies between the Structural Funds and other European Union programmes5, – having regard to its resolution of 28 October 2015 on cohesion policy and the review of the Europe 2020 strategy6, – having regard to the conclusions and recommendations of the ‘High Level Group monitoring simplification for beneficiaries of ESI funds’, – having regard to the Council conclusions on the 2016 European Court of Auditors’ special report n°31, ‘Spending at least one euro in every five from the EU budget on climate action: ambitious work underway, but serious risk of falling short’, adopted on 21 March 2017, – having regard to the Court of Justice judgment of 15 December 2015 on the interpretation of Article 349 of the TFEU, – having regard to the European Court of Auditors Special Report no 19/2016: Implementing the EU budget through financial instruments – lessons to be learnt from the 2007-2013 ***programme*** period, – having regard to the report of the European Commission of 22 February 2016 on the European Structural and Investment Funds and European Fund for ***Strategic*** Investments complementarities - ensuring coordination, synergies and complementarity, – having regard to Rule 52 of its Rules of Procedure, – having regard to the report of the Committee on Regional Development and the opinion of the Committee on Budgets (A8-0202/2017), A. whereas EU cohesion policy stems from the TEU and the TFEU and expresses the EU’s solidarity as one of the fundamental principles of the Union, by pursuing its Treaty based objective of reducing regional disparities and promoting economic, social and 1 Texts adopted, P8\_TA(2015)0419. 2 Texts adopted, P8\_TA(2015)0308. 3 Texts adopted, P8\_TA(2015)0307. 4 Texts adopted, P7\_TA(2012)0125. 5 Texts adopted, P7\_TA(2014)0133. 6 Texts adopted, P8\_TA(2015)0384. PE599.838v02-00 6/21 RR\1126715EN.docx EN territorial cohesion among all regions across the EU; B. whereas the functioning of the EU as a ‘convergence tool’ stalled after 2008, causing an increase in existing divergences between and within Member States, as well as deepening social and economic inequalities throughout the EU; recalls that cohesion policy at European level is very effective, particularly in promoting various forms of territorial cooperation, and therefore remains – in its economic, social and territorial dimension – an urgently necessary policy which combines the specific needs of a territory with EU priorities and delivers tangible results on the ground for all citizens; C. whereas cohesion policy remains the main, highly successful and valued EU-wide investment and development policy for sustainable job creation and for creating smart, sustainable and inclusive growth and competitiveness after 2020, especially against the backdrop of a sharp decline in public and private investments in many Member States and the implications of globalisation; recalls that cohesion policy has played a vital role and shown significant responsiveness to macroeconomic constraints; D. whereas the last reform of cohesion policy in 2013 was extensive and substantial, shifting the focus of the policy towards a result-oriented approach, thematic concentration, effectiveness and efficiency on the one hand and principles including partnership, multi-level governance, smart specialisation and place-based approaches on the other; E. whereas the renewed cohesion policy resulted in a gradual shift of focus from one based on major infrastructure-related projects towards one based on stimulating the knowledge economy and innovation; F. whereas these principles should be maintained and consolidated after 2020 in order to ensure continuity, visibility, legal certainty, accessibility and transparency of policy implementation; G. whereas in order to render cohesion policy a success post-2020, it is essential to reduce the administrative burden for its beneficiaries and management authorities, to find the right balance between the result orientation of the policy and the level of checks and controls to increase proportionality, to introduce differentiation into the implementation of ***programmes***, and to simplify the rules and procedures, as it is currently often perceived as too complex; H. whereas these elements – combined with the integrated policy approach and the partnership principle – illustrate the added value of cohesion policy; I. whereas the increasing constraints on both the EU and the national budgets and the consequences of Brexit should not lead to EU cohesion policy being weakened; calls, in this context, for the EU/UK negotiators to reflect on the pros and cons of the UK continuing to participate in European Territorial Cooperation ***programmes***; J. whereas cohesion policy already addresses a very wide range of challenges relating to its objectives as laid down in the Treaties and cannot be expected to tackle all new challenges the EU will face post 2020 with the same - or an even smaller - budget, although the impact may be bigger if Member States, regions and cities are allowed RR\1126715EN.docx 7/21 PE599.838v02-00 EN more flexibility to support new political challenges; Added value of EU cohesion policy 1. Strongly opposes any scenario for the EU27 by 2025, as contained in the White Paper on the Future of Europe, which would scale down the EU’s efforts in relation to cohesion policy; invites the Commission, on the contrary, to present a comprehensive legislative proposal for a strong and effective cohesion policy post-2020; 2. Underlines that growth and regional, economic and social convergence cannot be achieved without good governance, cooperation, mutual trust among all stakeholders and the effective involvement of partners at national, regional and local level, as is enshrined in the partnership principle (Article 5 of the Common Provisions Regulation (CPR)); reiterates that the EU cohesion policy’s shared management arrangement provides the EU with a unique tool to directly address the concerns of citizens in relation to internal and external challenges; is of the opinion that shared management, which is based on the partnership principle, multilevel governance and the coordination of different administrative levels, is of significant value in ensuring better ownership and responsibility for policy implementation among all stakeholders; 3. Emphasises the catalyst effects of cohesion policy and the lessons that can be learnt for administrations, beneficiaries and stakeholders; highlights the horizontal and cross-cutting approach of cohesion policy as a smart, sustainable and inclusive policy that provides a framework for mobilising and coordinating national and subnational actors, and for directly engaging them in working together towards reaching EU priorities through co-financed projects; calls in this context for optimal coordination and cooperation between the Commission DG responsible for cohesion policy and other DGs, as well as with national, regional and local authorities; 4. Regrets the late adoption of several operational ***programmes*** and the late designation of the managing authorities in some Member States during the current ***programming*** period; welcomes the first signs of the accelerated implementation of the operational ***programmes*** observed during 2016; urges the Commission to continue with the Task Force for Better Implementation in order to support implementation and to identify the causes of the delays, and to propose practical ways and measures of avoiding such problems at the outset of the next ***programming*** period; strongly encourages all actors involved to continue to further improve and accelerate implementation without causing bottlenecks; 5. Notes that the shortcomings of the financial ***planning*** and implementation system led to the accumulation of unpaid bills and the build-up of an unprecedented backlog that rolled over from the last MFF to the current one; calls on the Commission to come up with a structured solution to solve such problems before the end of the current MFF and to prevent them from spilling over into the next MFF; underlines that the level of payment appropriations must match past commitments, especially towards the end of the period, when the level of payment claims from the Member States tends to increase significantly; 6. Recognises that in some Member States the partnership principle has led to closer cooperation with regional and local authorities, while there is still room for PE599.838v02-00 8/21 RR\1126715EN.docx EN improvement in order to ensure the real and early involvement of all stakeholders, including from civil society, with a view to ensuring increased accountability and visibility in the implementation of cohesion policy without increasing administrative burdens or causing delays; underlines that stakeholders should continue to be involved in accordance with the multi-level governance approach; is of the opinion that the partnership principle and the code of conduct should be further strengthened in the future by, for example, introducing clear minimum requirements for partnership involvement; 7. Stresses that although cohesion policy has mitigated the impact of the recent economic and financial crisis in the EU, and that of the austerity measures, regional disparities, as well as disparities in competitiveness and social inequalities, remain high; calls for strengthened action to reduce these disparities and prevent the development of new disparities in all types of regions, while maintaining and consolidating support for the regions so as to facilitate ownership of the policy in every type of region and to achieve EU objectives throughout the EU; considers, in this context, that more attention needs to be paid to making regions more resilient to sudden shocks; 8. Points out that territorial cooperation in all its forms, including macro-regional strategies, whose potential is still to be fully exploited, transposes the concept of political cooperation and the coordination of regions and citizens across borders in the EU; underlines the value of cohesion policy in addressing the challenges inherent to islands, cross-border regions and the northernmost sparsely populated regions as provided for in Article 174 of the TFEU, to the outermost regions defined in Articles 349 and 355 of the TFEU which enjoy a special status and whose specific tools and financing should be maintained post-2020, and to peripheral regions; 9. Notes that European Territorial Cooperation (ETC) is one of the important goals of cohesion policy 2014-2020 which adds substantial added value to EU objectives, encourages solidarity between EU regions and with its neighbours and facilitates the exchange of experience and transfer of good practice, e.g via standardised documents; insists on the need to continue pursuing cross-border, transnational and interregional cooperation as part of the aim of strengthening territorial cohesion in line with Article 174 TFEU; considers that it should remain an important instrument post-2020; underlines, however, that the current ETC budget does not match the great challenges facing Interreg ***programmes*** nor does it effectively support cross-border cooperation; calls therefore for a substantially increased budget for ETC in the next ***programming*** period; 10. Underlines the importance of the current Interreg Europe cooperation ***programme*** for European public authorities to facilitate the exchange of experience and transfer of good practice; suggests that the funding possibilities in the next Interreg Europe ***programme*** after 2020 be enlarged to enable investment in physical pilot projects and demonstration projects, with the involvement of stakeholders across Europe also being taken into account; Architecture of cohesion policy after 2020 – continuity and areas for improvement 11. Underlines that the current categorisation of regions, the reforms introduced, such as thematic concentration, and the performance framework have demonstrated the value of RR\1126715EN.docx 9/21 PE599.838v02-00 EN cohesion policy; asks the Commission to present ideas for greater flexibility in the implementation of the EU budget as a whole; considers the creation of a reserve an interesting option in this context to address major unforeseen events during the ***programming*** period and to facilitate the re-***programming*** of operational ***programmes*** in order to adapt ESIF investments to the changing needs of each region, and also to address the effects of globalisation at regional and local level without, however, negatively affecting cohesion policy investments or impacting on the ***strategic*** orientation, long-term objectives and ***planning*** certainty and stability of multi-annual ***programmes*** for regional and local authorities; 12. Recognises the value of ex-ante conditionalities, in particular the one on Research and Innovation Strategies for smart specialisation (RIS3), which continue to support the ***strategic*** ***programming*** of the ESI Funds and have led to increased performance orientation; notes that ex-ante conditionalities enable the ESIF to support the Europe post-2020 objectives effectively without prejudice to the cohesion policy objectives, as stipulated in the Treaty; 13. Highlights that there must be a balanced link between cohesion policy and economic governance processes in the European Semester to all actors involved, and that this link should be reciprocal; is of the opinion that a greater recognition of the territorial dimension would be beneficial for the European Semester, i.e economic governance and the cohesion policy objectives of economic, social and territorial cohesion, as well as of sustainable growth, employment and environmental protection, should be considered in a balanced manner; 14. Believes, given that cohesion policy funding is intended to boost investment, growth and employment throughout the EU, that national contributions to the cofunding of projects under that policy in the post-2020 period should not be taken into account in deficit calculations under the Stability and Growth Pact rules; 15. Points out that increasing administrative and institutional capacities – and therefore strengthening national and regional agencies for supporting investments – in the area of the ***programming***, implementation and evaluation of operational ***programmes***, as well as in the quality of professional training, in the Member States and regions is crucial for timely and successful cohesion policy performance and for bringing about convergence towards higher standards; stresses, in this context, the importance of the Taiex Regio Peer 2 Peer initiative which improves administrative and institutional capacity and ***produces*** better results for EU investments; 16. Highlights the need to simplify the cohesion policy’s overall management system at all governance levels, facilitating the ***programming***, management and evaluation of operational ***programmes***, in order to make it more accessible, flexible and effective; emphasises, in this context, the importance of combating gold-plating in the Member States; asks the Commission to increase the possibilities for e-cohesion and specific types of expenditure, such as standard scales of unit costs and flat-rate amounts under CPR, and to introduce a digital platform or one-stop shops for information for applicants and beneficiaries; supports the conclusions and recommendations hitherto adopted by the ‘High Level Group monitoring simplification for beneficiaries of ESI Funds’, and encourages Member States to implement these recommendations; PE599.838v02-00 10/21 RR\1126715EN.docx EN 17. Asks the Commission to reflect on solutions according to proportionality and differentiation in the implementation of ***programmes***, based on risk, objective criteria and positive incentives for ***programmes***, their scale and administrative capacity, especially with regard to the multiple layers of audit, which should focus on combating irregularities, namely fraud and corruption, and the number of controls, to achieve greater harmonisation between cohesion policy, competition policy and other Union policies, in particular state aid rules, which apply to the ESI Funds but not to EFSI or Horizon 2020, as well as with regard to the possibility of a single set of rules for all ESI Funds to make financing more efficient while taking into account the specificities of each Fund; 18. Calls on the Commission, with a view to real simplification, and in agreement with the managing authorities of national and regional ***programmes***, to draw up a feasible ***plan*** to extend the simplified cost regime to the ERDF, also in keeping with the provisions of the proposal for a regulation to amend the financial rules applicable to the budget – the so-called Omnibus regulation; 19. Believes that grants should remain the basis of the financing of cohesion policy; notes, however, the increasing role of financial instruments; points out that loans, equity or guarantees can play a complementary role, but they should be used with caution, based on an appropriate ex-ante assessment and grants should be complemented only where such financial instruments demonstrate an added value and could have a leverage effect by attracting additional financial support, taking into account regional disparities and the diversity of practices and experiences; 20. Stresses the importance of assistance by the Commission, EIB and Member States to local and regional authorities on the innovative financial instruments through platforms such as fi-compass or by providing incentives for beneficiaries; recalls that these instruments are not suitable for all types of ***interventions*** under cohesion policy; is of the opinion that all regions, on a voluntary basis, ought to be able to decide on the implementation of financial instruments in line with their needs; opposes, however, binding quantitative targets for the use of financial instruments, and underlines that the increasing use of financial instruments should not lead to a reduction in the EU budget in general; 21. Calls on the Commission to ensure better synergies and communication between and about the ESI Funds and other Union funds and ***programmes***, including EFSI, and to facilitate the implementation of multi-fund operations; stresses that the EFSI should not undermine the ***strategic*** coherence, territorial concentration and long-term perspective of cohesion policy ***programming*** and should not replace or crowd out the grants nor aim to replace or reduce the ESIF budget; insists on the real additionality of its resources; calls for the establishment of clear delimitations between the EFSI and cohesion policy, together with the provision of opportunities for their combination and facilitated use without mixing them, which can make the funding structure more attractive, in order to make good use of scarce EU resources; believes that the harmonisation of rules for multi-fund operations is needed, as well as a clear communication strategy on existing funding possibilities; invites the Commission, in this context, to develop a toolbox for beneficiaries; RR\1126715EN.docx 11/21 PE599.838v02-00 EN 22. Invites the Commission to reflect on the development of an additional set of indicators that complement the GDP indicator, which remains the main legitimate and reliable method for allocating ESI Funds fairly; believes that the Social Progress Index or a demographic indicator should be evaluated and considered in this context in order to provide a comprehensive picture of regional development; considers that such indicators could better respond to the new types of inequalities between EU regions that are arising; stresses, furthermore, the relevance of outcome indicators to strengthen the result and performance orientation of the policy; 23. Calls on the Commission to consider measures aimed at resolving the issue of national financing of cohesion policy projects in view of the problem faced by local and regional authorities in highly centralised Member States that do not have sufficient fiscal and financial capacities and that experience great difficulties in co-financing projects, and often even in drafting project documentation, due to the lack of available financial resources, which leads to lower utilisation of cohesion policy; 24. Encourages the Commission to consider the possibility of using the NUTS III level as a classification of regions in cohesion policy for some selected priorities; Key policy areas for a modernised cohesion Policy after 2020 25. Stresses the importance of the ESF, the Youth Guarantee and the Youth Employment Initiative, especially in the fight against long-term and youth unemployment in the Union, which are at a historically high level, particularly in less developed regions, in the outermost regions and in regions which have been hit hardest by the crisis; emphasises the key role played by SMEs in job creation – accounting for 80 % of jobs in the Union – in promoting innovative sectors such as the digital and low-carbon economies; 26. Believes that the post-2020 cohesion policy should continue to care for the vulnerable and the marginalised, address growing inequalities and build solidarity; notes the positive impact in terms of the social and employment-related added value of investments in education, training and culture; points, furthermore, to the need to maintain social inclusion, including ESF spending, complemented by ERDF investments in that field; 27. Suggests a better use of ESI Funds in order to tackle demographic change and address its regional and local consequences; is of the opinion that in regions facing challenges such as depopulation ESI Funds should be optimally targeted to create jobs and growth; 28. Notes the increasing importance of the Territorial Agenda and of successful rural-urban partnerships, as well as the exemplary role of smart cities as microcosms and catalysts for innovative solutions to regional and local challenges; 29. Welcomes the Pact of Amsterdam and the better recognition accorded to the role of cities and urban areas in European policy-making and demands an effective implementation of the cooperative working method through the partnerships that the Pact entails; expects the results to be incorporated in future EU policies post-2020; 30. Underlines the enhanced urban dimension of cohesion policy in the form of specific PE599.838v02-00 12/21 RR\1126715EN.docx EN provisions for sustainable urban development and urban innovative actions; considers that this should be further developed and financially strengthened post-2020, and that the sub-delegation of competences to lower levels should be reinforced; encourages the Commission to improve coordination between various measures aimed at cities to enhance the direct support to local governments under cohesion policy by providing financing and tailored instruments for territorial development; emphasises the future role of territorial development tools, such as Community-Led Local Development and the Integrated Territorial Investments; 31. Endorses the EU’s commitments under the Paris climate change agreement; recalls in this context, the goal endorsed by all EU institutions of spending at least 20% of the EU budget on climate change-related action, and underlines that the ESI Funds play a key role in this direction and should continue be used as effectively as possible for climate change mitigation and adaptation, as well as for green economies and renewable energies; considers it necessary to improve the monitoring and tracking system for climate spending; highlights the potential of ETC in this regard, as well as the role of cities and regions in the context of the Urban Agenda; 32. Notes that RIS3 strengthens the regional innovation ecosystems; stresses that research, innovation and technology development should continue to play a prominent role to allow the EU to compete globally; considers that the smart specialisation model should become one of the leading approaches of post-2020 cohesion policy by encouraging cooperation between different regions, urban and rural areas and bolstering the economic development of the EU, creating synergies between transnational RIS3 and world-class clusters; recalls the existing Stairway to Excellence (S2E) pilot project, which continues to support regions in the development and exploitation of synergies between the ESIF, Horizon 2020 and other EU funding ***programmes***; consequently takes the view that further efforts must be made to maximise synergies in order to further strengthen smart specialisation and innovation post-2020; 33. Underlines that the increased visibility of the cohesion policy is vital to fight against euroscepticism and can contribute to regaining citizens’ confidence and trust; highlights that in order to improve the visibility of ESI Funds, greater focus must be placed on the content and results of their ***programmes***, through a top-down and bottom-up approach allowing participation by stakeholders and recipients who can act as an effective channel through which to disseminate cohesion policy achievements; urges, furthermore, the Commission, Member States, regions and cities to communicate in a more efficient way on the measureable results of cohesion policy which bring added value to the everyday life of EU citizens; urges that communication activities under a specific budget within the technical assistance should continue, if appropriate, until after a project has closed when its results become clearly visible; Outlook 34. Calls for the fostering of economic, social and territorial cohesion and solidarity across the EU and for the steering of EU funds t

owards growth, jobs and competitiveness to be put at the top of the EU agenda; calls also for the fight against regional disparities, poverty and social exclusion, as well as against discrimination, to be maintained; considers that, in addition to the goals enshrined in the Treaties, cohesion policy should RR\1126715EN.docx 13/21 PE599.838v02-00 EN continue to serve as a tool to attain EU political objectives, thus also contributing to a greater awareness of its performance and remaining the Union’s main investment policy available to all regions; 35. Reiterates that it is high time to prepare the post-2020 EU cohesion policy in order to launch it effectively at the very start of the new ***programming*** period; calls therefore for the Commission’s preparation of the new legislative framework to start in due time, namely swiftly after the adoption and translation into the official languages of the next MFF; calls, furthermore, for the timely adoption of all legislative proposals for future cohesion policy, and for guidance on management and control before the start of the new ***programming*** period, with no retro-active effect; underlines that the delayed implementation of operational ***programmes*** affects the efficiency of cohesion policy; 36. Notes that the core of the current cohesion policy legislative framework should be maintained after 2020 with a refined, strengthened, easily accessible and result-orientated policy and with an added value of the policy which is better communicated to citizens; 37. Stresses in view of the Commission’s proposal 2016/0282(COD) that the reception of migrants and refugees under international protection as well as their social and economic integration requires a coherent transnational approach, which should also be addressed through the current and future EU cohesion policy; 38. Points to the importance of stability in the rules; calls on the Commission, when drawing up the implementation provisions for cohesion policy under the next MFF, to keep changes to a minimum; is convinced of the need for the EU budget share for cohesion policy after 2020 to be maintained at an adequate level, if not increased, in light of the complex internal and external challenges that the policy will have to address in view of its objectives; considers that this policy must not be weakened under any circumstances, Brexit included, and that its share of the total EU budget should not be reduced by siphoning off means for new challenges; underlines, furthermore, the multi-annual nature of cohesion policy and calls for its 7-year ***programming*** period to be maintained or for the introduction of a 5+5 years ***programming*** period with an obligatory mid-term revision; 39. Calls for the swift allocation of the performance reserve; notes that the time between performance and the release of the reserve is too long, thereby reducing the effectiveness of the reserve; urges the Commission to allow Member States to operationalise the use of the performance reserve as soon as the review has been finalised; 40. Points out in this context that the digital agenda, including the provision of the necessary infrastructure and advanced technological solutions, must be a priority within the framework of cohesion policy, particularly in the next funding period; notes that developments in the telecommunications sector must in any case be accompanied by appropriate training, which should also be supported by cohesion policy; 41. Instructs its President to forward this resolution to the Council and the Commission as well as the Member States and their parliaments and the Committee of the Regions. PE599.838v02-00 14/21 RR\1126715EN.docx EN EXPLANATORY STATEMENT The underlying idea of the European Union is a peaceful cooperation between its different peoples and nations. The Member States have defined common duties and objectives in the Treaty of Lisbon. One of the key objectives of this Union is to promote economic, social and territorial cohesion, and solidarity among its various regions. This objective shall be pursued with European Cohesion Policy, which creates a unique investment instrument for all regions. Cohesion Policy is the main EU-wide investment policy for jobs and growth. The rapporteur fully backs the objective of economic, social and territorial cohesion. For a future Cohesion Policy, it is important to learn from past experiences and to take the challenges of today into account. In the view of the rapporteur, two principles of Cohesion Policy should be consensus: It will be indispensable to have an adequate budget for Cohesion Policy. Constraints of both the EU budget and national budgets as well as consequences of Brexit should not lead to a weakening of EU cohesion policy. Cohesion Policy should reduce disparities and - while in particular addressing less developed regions - strengthen all regions, including transition and more developed regions. These categories should be maintained. After the experiences of the current ***programming*** period, it is important to have early preparations and an early start of post 2020 Cohesion Policy, in order to be able to launch the concrete initiatives on the ground in the regions in time. Regarding the architecture of a future Cohesion Policy, the rapporteur thinks it is of utmost importance to simplify the policy. Red tape that burdens regions and citizens should be minimized. Room for improvement could be found in the multiple layers of audit and the quantity of controls, as well as in the use of lump sums or standard costs. The rapporteur also suggests a greater harmonisation between Cohesion Policy and state aid rules. She could also imagine one single set of rules for all ESI funds. Synergies between ESIF and other funds and ***programs*** need to be strengthened. In this regard, the rapporteur suggests that the EFSI should not undermine the ***strategic*** coherence and long-term perspective of Cohesion Policy. EFSI resources need to be additional. Furthermore, Cohesion Policy needs to be flexible, in order to be able to handle unforeseen events. While the thematic concentration has proved to be successful, the rapporteur wants the Commission to explore ways of an additional flexibility by, for example, some kind of reserve or an easier re-***programming***. The rapporteur believes that while setting up Operational ***Programmes***, the voice of regional and local stakeholders needs to be heard. The so-called Partnership Principle, as laid down in the CPR, should be mandatory for national, regional and local authorities. This implies that they must include the input of regional and local level as well as that of the economic and social partners and civil society at all stages of the design, adoption and implementation of the new policy, including the composition of monitoring committees (Art. 5, Art. 48 CPR). This RR\1126715EN.docx 15/21 PE599.838v02-00 EN principle should be further strengthened post 2020. The rapporteur recognizes the need for a higher degree of coordination of Cohesion Policy with macroeconomic policies. Nevertheless, a greater recognition of the territorial dimension would be beneficial for the European Semester. A territorialisation of economic governance could be helpful in order to improve understanding of regional variation in economic, social or institutional development needs and challenges, and to shape the reform proposals accordingly. Any form of macroeconomic conditionality is not helpful. Regarding the financing, grants (being an effective form of support in manifold areas of public ***intervention***) should be maintained as the main tool of Cohesion Policy, especially for smaller beneficiaries. Financial instruments can be additional useful investment tools, for those sectors where they have demonstrated they are more appropriate than grants. However, they should not push aside the traditional support through grants but be used to attract complementary financial support for cohesion. While GDP should continue to be the main eligibility criterion, the rapporteur calls on the Commission to reflect on additional indicators (taking into account demographic or social developments) as well. When it comes to policy areas, the rapporteur believes the fight against unemployment is (and will continue to be) one of the main issues to address. Other key areas are the fight against climate change and demographic change, as well as the support of innovation and SMEs, integration of migrants, as well as a sustainable underlying infrastructure. A good relation between urban areas and their rural surrounding is also important. This is why the rapporteur would like to see the recommendations of the “Partnerships” (created by the Pact of Amsterdam) included in the post 2020 Cohesion Policy. PE599.838v02-00 16/21 RR\1126715EN.docx EN 25.4.2017 OPINION OF THE COMMITTEE ON BUDGETS for the Committee on Regional Development on Building blocks for a post-2020 EU cohesion policy (2016/2326(INI)) Rapporteur: Jan Olbrycht SUGGESTIONS The Committee on Budgets calls on the Committee on Regional Development, as the committee responsible, to incorporate the following suggestions into its motion for a resolution: 1. Underlines that cohesion policy is the most visible, tangible and quantifiable expression of European solidarity and fairness and has been instrumental in mitigating the effects of the recent crisis within the EU; stresses that over the last few decades cohesion policy has, as a structural policy, become the main EU investment policy and a tool for attaining the general political objectives of the Union in addition to the specific goals enshrined in the Treaties; is of the opinion that cohesion policy post 2020 should continue to serve this goal, as well as remaining a policy for all Member States and regions; considers that this policy must not be weakened under any circumstances, Brexit included, and that its share in the total EU budget should be maintained in the future and not weakened by siphoning off means to pay for new challenges; 2. Notes the shortcomings of the financial ***planning*** and implementation system that led to the accumulation of unpaid bills and the build-up of an unprecedented backlog that rolled over from the last multiannual financial framework (MFF) to the current one; is increasingly concerned about the slow start-up of the implementation of the 2014-2020 operational ***programmes***, which may lead to the same situation in the future and hinder growth; calls on the Commission to come up with a structural solution to solve such problems before the end of the current MFF and to prevent them from spilling over into the next MFF; underlines that the level of payment appropriations must match past commitments, especially towards the end of the period, when the level of payment claims from the Member States increases significantly; 3. Underlines the increasing need for flexibility in the implementation of the EU budget as a whole, including in cohesion policy, in order to address new challenges during a ***programming*** period and facilitate reprogramming as and where may be necessary; RR\1126715EN.docx 17/21 PE599.838v02-00 EN encourages the Commission to explore different solutions in this respect; considers the creation of a reserve at EU level an interesting option in this context; believes, however, that efforts in this regard should be made both at EU level and at national and regional levels; calls for more flexibility for Member States and regions, and for the swift allocation of the performance reserve, while supporting the shared management implementation method; stresses that the success of the shared management system hinges on Member States’ ***programming*** and implementation efforts, as well as on the overall management and control system and its proper and sound functioning; 4. Encourages the Commission to reflect on different indicators beyond GDP which would allow for a fair distribution of funds under cohesion policy, in order to respond to newly emerging types of inequalities between EU regions over and above those relating to economic development; 5. Stresses the importance of espousing a simplified and coherent approach to cohesion policy, so as to streamline the many different sets of rules and make financing more efficient; 6. Notes the increasing role of financial instruments which, by their very nature, provide a complementary means of financial support from the EU budget, as compared to subsidies and grants; encourages the Commission to consider a proper balance between grants and financial instruments under cohesion policy in the next MFF, while stressing that financial instruments are not suitable for all types of ***intervention***, many of which are notably supported under cohesion policy; underlines the fact that the growing use of financial instruments should not lead to a reduction in the Union budget in general; 7. Calls for sufficient auditing and control of ***programme*** financing, so as to ensure scrutiny and maximise the visibility of the cohesion policy; 8. Points to the importance of normative stability and maintains that continuity of regulation can do much to ensure that EU funding is used efficiently; calls on the Commission, when drawing up the implementation provisions for cohesion policy under the next MFF, to keep changes to a minimum so as to enable the administrations responsible for implementing and overseeing EU funds to benefit from experience and the lessons that have been learned; 9. Points out, in view of the discussion on the duration of the next MFF, that the multiannual nature of cohesion policy is of crucial importance; calls, therefore, for either the maintenance of its seven-year ***programming*** period or the establishment of a ***programming*** period of five + five years with an obligatory mid-term revision. PE599.838v02-00 18/21 RR\1126715EN.docx EN INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION Date adopted 24.4.2017 Result of final vote +: –: 0: 26 3 0 Members present for the final vote Lefteris Christoforou, Gérard Deprez, José Manuel Fernandes, Eider Gardiazabal Rubial, Ingeborg Gräßle, Bernd Kölmel, Zbigniew Kuźmiuk, Clare Moody, Siegfried Mureşan, Jan Olbrycht, Paul Rübig, Petri Sarvamaa, Jordi Solé, Patricija Šulin, Monika Vana, Daniele Viotti, Tiemo Wölken, Marco Zanni, Stanisław Żółtek Substitutes present for the final vote Ivana Maletić, Pier Antonio Panzeri, Nils Torvalds, Marco Valli, Derek Vaughan, Rainer Wieland, Tomáš Zdechovský, Nicola Caputo Substitutes under Rule 200(2) present for the final vote Karin Kadenbach, Ramón Luis Valcárcel Siso RR\1126715EN.docx 19/21 PE599.838v02-00 EN FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION 26 + ALDE Gérard Deprez, Nils Torvalds ECR Zbigniew Kuźmiuk EFDD Marco Valli PPE Lefteris Christoforou, José Manuel Fernandes, Ingeborg Gräßle, Ivana Maletić, Siegfried Mureşan, Jan Olbrycht, Paul Rübig, Petri Sarvamaa, Ramón Luis Valcárcel Siso, Rainer Wieland, Tomáš Zdechovský, Patricija Šulin S&D Nicola Caputo, Eider Gardiazabal Rubial, Karin Kadenbach, Clare Moody, Pier Antonio Panzeri, Derek Vaughan, Daniele Viotti, Tiemo Wölken VERTS/ALE Jordi Solé, Monika Vana 3 - ECR Bernd Kölmel ENF Stanisław Żółtek Marco Zanni 0 0 Key to symbols: + : in favour - : against 0 : abstention PE599.838v02-00 20/21 RR\1126715EN.docx EN INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE Date adopted 18.5.2017 Result of final vote +: –: 0: 20 4 13 Members present for the final vote Pascal Arimont, Franc Bogovič, Mercedes Bresso, James Carver, Andrea Cozzolino, Rosa D’Amato, Tamás Deutsch, Raymond Finch, Iratxe García Pérez, Michela Giuffrida, Krzysztof Hetman, Ivan Jakovčić, Marc Joulaud, Constanze Krehl, Sławomir Kłosowski, Louis-Joseph Manscour, Martina Michels, Iskra Mihaylova, Jens Nilsson, Andrey Novakov, Younous Omarjee, Konstantinos Papadakis, Mirosław Piotrowski, Stanislav Polčák, Terry Reintke, Liliana Rodrigues, Fernando Ruas, Monika Smolková, Maria Spyraki, Ramón Luis Valcárcel Siso, Monika Vana, Matthijs van Miltenburg, Lambert van Nistelrooij, Derek Vaughan, Kerstin Westphal, Joachim Zeller Substitutes present for the final vote Viorica Dăncilă RR\1126715EN.docx 21/21 PE599.838v02-00 EN FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE 20 + ALDE Ivan Jakovčić, Iskra Mihaylova, Matthijs van Miltenburg ECR Sławomir Kłosowski, Mirosław Piotrowski EFDD Rosa D'Amato S&D Mercedes Bresso, Andrea Cozzolino, Viorica Dăncilă, Iratxe García Pérez, Michela Giuffrida, Constanze Krehl, Louis-Joseph Manscour, Jens Nilsson, Liliana Rodrigues, Monika Smolková, Derek Vaughan, Kerstin Westphal VERTS/ALE Terry Reintke, Monika Vana 4 - EFDD James Carver, Raymond Finch NI Konstantinos Papadakis PPE Stanislav Polčák 13 0 GUE/NGL Martina Michels, Younous Omarjee PPE Pascal Arimont, Franc Bogovič, Tamás Deutsch, Krzysztof Hetman, Marc Joulaud, Andrey Novakov, Fernando Ruas, Maria Spyraki, Ramón Luis Valcárcel Siso, Joachim Zeller, Lambert van Nistelrooij Key to symbols: + : in favour - : against 0 : abstention

**Load-Date:** August 1, 2017

**End of Document**



[***-MATICA ANNOUNCES PLANS TO BUILD 1,000,000 SQUARE FEET OF GREENHOUSES***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S77-JBK1-F0K1-N1WT-00000-00&context=1516831)

ENP Newswire

May 1, 2018 Tuesday

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**Length:** 655 words

**Body**

Toronto, Ontario - Matica Enterprises Inc. (MMJ - CSE) (39N - Frankfurt) (MQPXF - OTC) ('Matica' or the 'Company') is very pleased to announce that the Company ***plans*** to commence construction of greenhouses on a 181 acre leased property in Hemmingford, Quebec.

The Company will begin construction of Phase 1 within coming months, with a long-term goal of building 1,000,000 square feet of combined greenhouses on the property. Matica management have met with representatives of the Township of Hemmingford, who have expressed support of Matica's ***plans***.

Matica intends to commence construction on the property with a Phase 1 greenhouse of approximately 200,000 square feet on five acres of the property. Phase 1 is currently in the designing and engineering stage. Management is weighing various design options and has yet to determine the estimated cost of the phase 1 construction. It is Matica's intention to build up to 1,000,000 square feet of combined greenhouses in additional phases. The property has ample water via creeks, ponds, and a well, as well as abundant power supply through 600 amp power lines that traverse the property which will support large greenhouse operations.

Matica has chosen to build greenhouses on the South Shore, due south of Montreal. This area of Quebec is known as 'Les Jardins du Quebec' (Quebec's gardens). This region receives a large amount of sunlight and is reported by ***Agriculture*** and Agri-Food Canada to receive over 1,800 effective growing degree days. The unique microclimate and access to fresh water makes this an excellent ***agricultural*** region within an hour's drive of Montreal. This is an ideal location to establish large sections of greenhouses for growing cannabis.

Boris Ziger, Matica CEO states, 'The Company continues to execute on its goals of building a ***strategic*** foothold in the Quebec market. Part of that strategy involves large scale growing using top genetics to ***produce*** high quality cannabis which this new property is expected to provide. Combined with research and development for proprietary new products from Yunify, Matica will be a ***producer*** of a wide range of products and is on course to become an industry leader.'

Contact:

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Disclaimer for Forward-Looking Information

Certain information in this press release may constitute forward-looking information. This information is based on current expectations that are subject to significant risks and uncertainties that are difficult to predict. Actual results might differ materially from results suggested in any forward-looking statements. The Corporation assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward looking-statements unless and until required by securities laws applicable to the Corporation. Additional information identifying risks and uncertainties is contained in the Corporation's filings with the Canadian securities regulators, which filings are available at   [*www.sedar.com*](http://www.sedar.com).

This news release contains statements about the Company's information that may be made available on the SP Capital IQ Corporation Records Listing ***Program*** and the business of Matica that are forward-looking in nature and as a result, are subject to certain risks and uncertainties. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them as actual results may differ materially from the forward-looking statements. The forward-looking statements contained in this news release are made as of the date hereof, and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, except as required by law.

[Editorial queries for this story should be sent to [*newswire@enpublishing.co.uk*](mailto:newswire@enpublishing.co.uk) ]

**Load-Date:** May 1, 2018

**End of Document**



[***Washington: MCC Compact Celebrates US-Indonesia Partnerships to Promote Economic Growth, Better Health, Strengthened Government Services for Indonesians in NTB***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S8P-GPK1-JDG9-Y42G-00000-00&context=1516831)

Impact News Service

May 7, 2018 Monday

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**Length:** 962 words

**Body**

Washington: Millennium Challenge Corporation has issued the following news release:

A delegation from the U.S Government’s Millennium Challenge Corporation (MCC) joined United States Ambassador to Indonesia Joseph R. Donovan Jr. in Lombok to mark the closure of MCC’s compact with the Government of Indonesia. Ambassador Donovan and the MCC delegation, led by Vice President and Secretary of the MCC Board Jeanne Hauch and Vice President for Congressional and Public Affairs Karen Sessions, met with provincial Governor Muhammad Zainul Majdi of Nusa Tenggara Barat (NTB) to recognize his strong support of MCC projects in the province.

Ambassador Donovan noted “The progress here is an example of the success of the compact across the country, which has provided a strong foundation for the Government of Indonesia to help millions of Indonesians lead healthier and more economically secure lives.”

 MCC’s five-year compact with the Government of Indonesia has overcome barriers to growth through investments in nutrition, procurement modernization, and by advancing green prosperity through sustainable development. Noteworthy MCC successes in NTB include:

    The Community-Based Health and Nutrition Project reduced stunting in all eight NTB districts, and is working to alleviate chronic malnutrition and stunted growth to help children achieve their full potential.     NTB’s procurement service unit was named one of the first nationwide-centers of excellence, and the local government has committed funding to continue building on progress made under the compact.     Grantees, including Panca Karsa and Peka Sinergie, received funding from the compact’s Green Prosperity Project to help drive sustainable growth in Indonesia. Panca Karsa, a local salt production cooperative with 95% female membership, has improved manufacturing quality and marketing efforts. Peka Sinergie, a joint initiative between industry and government, has developed and formalized renewable energy technician standards in support of nationwide vocational education ***programs***.

“Governor Majdi and Nusa Tenggara Barat have demonstrated great commitment to this ***program***, integrating MCC compact activities with existing development ***plans***,” Ambassador Donovan said after meeting with the Governor.

Today’s events conclude three days of site visits with communities across the island. While in Lombok, the MCC delegation met with participants and beneficiaries of a number of Community Based Natural Resources Management (CBNRM) grant projects, including a posyandu health center, and a procurement service unit. On May 8, the delegation will return to Jakarta for the final closeout ceremony hosted by the Millennium Challenge Account – Indonesia, and the Indonesian Ministry of National Development ***Planning*** (BAPPENAS).

“MCC’s partnership with the Government of Indonesia introduced new models and systems tailored and scaled to meet both local and national needs—and we have seen how this approach has worked first-hand during our visit to Lombok,” said MCC Vice President and Secretary of the MCC Board Jeanne Hauch. “We are proud of what we’ve achieved together and I look forward to seeing how people in Nusa Tenggara Barat and across Indonesia, continue to build on that progress.”

 Project Site Visits for MCC Delegation:

The MCC delegation visited:

    Praya Timur with the Panca Karsa organization to meet with female salt farmers who now have more effective practices and utilize better technology to increase their salt production;     Kopang on the slopes of Mount Rinjani to see a watershed management and forest rehabilitation project that focused on sustainable management of local natural resources by combining community cooperation and benefit-sharing with modern technology;     Batukliang to see how Hivos and its partners developed the use of household bio-digesters among farming households as a way to ***produce*** biogas that is used for cooking and other household needs, in addition to developing farmers’ business skills to leverage the benefits of solar charging stations and solar lanterns that were constructed with compact funds; and     In the same sub-district, to see a World Wildlife Fund project that worked with women’s cooperatives and other farmer groups to capitalize production houses for activities such as bamboo-weaving and jackfruit-chip drying.     In addition, the delegation visited a posyandu in Gunung Sari that received MCC funding to increase the supply of quality services and trained health workers in infant and young child feeding, growth monitoring, micronutrient supplementation and sanitation.

 About the MCC Compact:

MCC’s five-year compact with Indonesia has been a major pillar of the U.S -Indonesia ***Strategic*** Partnership. Investments, made through the compact, have reduced poverty and promoted economic growth and engagement with the private sector, including partners such as Mars, Nestle, Unilever and others.

Through the MCC, the United States has supported Indonesia’s development and contributed to regional security and global economic growth.

The MCC Indonesia Compact was designed by and for Indonesians to address significant barriers to economic growth and private investment in Indonesia. The compact sought to reduce childhood stunting and malnutrition by shaping a national conversation on nutrition; improve the effectiveness of government spending by modernizing the government’s procurement system for public goods and services; and supported the Government of Indonesia’s commitment to equitable growth by maximizing opportunities for investment in ***agriculture*** and renewable energy, including through partnerships with the private sector. The compact began in 2013 and was implemented by the Millennium Challenge Account – Indonesia.

**Load-Date:** May 8, 2018

**End of Document**



[***Canada invests $5m in PE-backed irrigation tech company***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RTP-S6K1-F0CX-92N7-00000-00&context=1516831)

Agri Investor

January 23, 2018 Tuesday

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**Length:** 460 words

**Byline:** Kalliope Gourntis

**Body**

The Canadian government has approved an investment of C$5.9 million ($4.7 million; (EURO)3.9 million) in irrigation tech company Hortau, as part of an initiative to achieve better crop yields and a reduction in pesticide use through better crop management and irrigation.

Founded in 2002 in Québec, Hortau ***produces*** hardware and software for automated irrigation management, soil and weather monitoring, and data collection. The company's investors include Advantage Capital Agribusiness Partners, a US private equity fund that  [*in 2016 led a $10 million round of financing*](https://www.agriinvestor.com/acap-leads-10m-raise-for-irrigation-tech-company/)  for the company, as well as Avrio Ventures and Capital régional et coopératif Desjardins, a subsidiary of the Business Development Bank of Canada.

This latest investment is being made through Sustainable Development Technology Canada, a government entity that funds clean tech projects in the country.

"Hortau's innovative platform helps farmers better manage irrigation, reducing water consumption and pesticide use across the ***agriculture*** sector," SDTC's president and chief executive Leah Lawrence said. "This groundbreaking technology will deliver real environmental and economic benefits for all Canadians."

The proceeds will go towards supporting Hortau's precision ***agriculture*** platform, the ministry of innovation, science and economic development said. A spokesperson for Hortau was not immediately available for comment.

Dual base

Since its inception, the company has also established headquarters in the US, currently in San Luis Obispo, California; expanded its staff, including its in-house R&D team; and grown its presence in America, as well as putting sensors in the ground in Turkey, Morocco, Peru and Egypt.

Canada's investments in the clean-tech sector are part of the federal government's Innovation and Skills ***Plan***, a multi-year ***program*** aimed at creating well-paying jobs for the middle class. New financing of C$1.4 billion in clean technology firms for 2017-18, provided by the Business Development Bank of Canada and Export Development Canada, comprises C$950 million in growth capital and C$450 million in additional project finance for clean technology ***producers***.

An additional C$400 million was made available in Budget 2017 for the recapitalization of SDTC's SD Tech Fund, which supports the development and demonstration of early-stage clean technology projects.

"Our government's investments in clean technology reflect our commitment to protecting the planet," said Navdeep Bains, minister of innovation, science and economic development. "But they also point to a clear and ***strategic*** direction for economic development through innovation. That's because innovations in clean tech will lead to products and services that have an impact on all sectors of the economy."

**Load-Date:** March 8, 2018

**End of Document**



[***Genus PLC Preliminary Results -5-***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PF1-P2P1-JCXB-226C-00000-00&context=1516831)

London Stock Exchange Aggregated Regulatory News Service (ARNS)

September 7, 2017 Thursday 7:00 AM GMT

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**Length:** 1280 words

**Body**

Research and Development - Operating Review

Actual currency Constant

currency

2017 2016 Movement Movement

GBPm GBPm % %

Gene editing 3.5 0.9 289 251

Other research 8.4 7.1 18 2

Porcine product development 16.6 13.5 23 7

Bovine product development 15.3 12.9 19 6

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Net expenditure in

R&D less non-controlling

interest 43.8 34.4 27 12

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Performance

As ***planned***, R&D investment increased by 12% in constant currency, while capital spending remained flat. This reflected increased investments in gene editing capabilities, genome science, advancing GSS and furthering our computational capabilities in bovine product development.

Our investment in gene editing increased by GBP2.6m, as we built platform capabilities, co-founded a gene editing company, RenOVAte Biosciences, to perform the edits, selected and optimised the gene editing reagents, created the first pregnancies of gene edited pigs for testing, and carried expenses for our collaboration with Caribou Biosciences from which we license market leading and proprietary CRISPR-Cas9 gene editing technology. We secured an INAD with the US FDA for the PRRSv ***programme***. As ***planned***, we expect gene editing expense to grow to around GBP6.0m in 2018.

As in previous years, our research focused on genomic evaluation, gender skew and animal health and wellbeing. Research expenditure increased by 2% this year. We also continued to invest in core informatics capabilities and expanded research efforts in a number of promising areas. Additionally, we continued to build our internal capabilities in intellectual property development, regulatory affairs and research strategy.

Bovine product development expenditure increased by 6% in constant currency, as we incurred pre-launch costs of GSS partially offset by strategically increasing the efficiency of our product development ***programme***, including reducing the size of our bull herd and the expenses associated with progeny testing. In GSS, we continued to refine and scale up our manufacturing processes in preparation for commercial launch incurring costs in the year in excess of GBP2m. We added resources in quality and operational controls and invested in technology improvements to the current GSS system, which enhanced the technology's performance and promise further advances in fertility.

De Novo achieved promising genetic results, while running to ***plan*** financially. We also brought into production 23% (2016: 20%) of our bulls from our ABS internal herd with the impact of De Novo expected to grow significantly in future years. We continued to invest in genetic services resources, to develop proprietary breeding indices and predictive genomic mating, to deliver higher genetic control and differentiation. We leveraged this work through our beef nucleus breeding ***programme*** to launch our proprietary NuEra Genetics (TM) beef genetics in the market after the end of the year.

Within porcine product development, the single-step genomic evaluation of all pure line populations, retail products and traits of economic importance is continuing to exceed the aim of a 35% increase in the rate of genetic gain compared with the period before its implementation. Porcine product development costs increased 7% in constant currency, driven by increased animal volumes and the related operating expenses in our nucleus herds, and lower market prices for by-product pigs. These cost increases were partially offset by lower genetic testing fees, due to project phasing, and reduced global genetic dissemination costs.

Principal Risks and Uncertainties

Genus supplies biological products to ***agricultural*** customers and is exposed to a wide range of risks and uncertainties.

Some of these risks relate to current business operations in our global ***agricultural*** markets, while others relate to future commercial exploitation of our extensive R&D portfolio. The table below outlines the principal risks and uncertainties facing Genus and how we manage them.

The Directors confirm that they have undertaken a robust assessment of the principal risks and uncertainties facing the Group. As part of this assessment, we considered the Group's increased investment in leading-edge R&D, along with the technical and customer-facing skills needed to deliver our growth ***plans***. In response to the latter issue, we identified and evaluated a new principal risk relating to our ability to hire and retain talented people, as detailed below.

***Strategic*** Risks

------------------------------------------------------------ ------------------------------------ -----------------------------

Risk description How we manage risk Risk change in 2017

------------------------------------------------------------ ------------------------------------ -----------------------------

Developing products Dedicated teams align No change in porcine

with competitive advantage our product development but decreased in

to customer requirements. bovine, due to the

\* Development ***programmes*** fail to ***produce*** best genetics We use large-scale data acquisition of De

for customers. and advanced genomic analysis Novo genetics, which

to ensure our breeding has secured increased

goals are met. We frequently access to elite

\* Increased competition to secure elite genetics. measure our performance dairy genetics.

against competitors in

customers' systems, to

ensure the value added

by our genetics remains

competitive.

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Commercialising GSS We have rigorously prepared Reduced.

technology for the successful commercial

\* Failure to manage the technical, production and launch of our GSS technology, The granting of

financial risks associated with launching a new supported by dedicated a permanent injunction

product technology. internal resources and against ST in the

external expert advice. US legal proceedings

We initiated legal proceedings removed certain

\* The industry response to the introduction of against ST in the US in research, marketing

competition into the sexed semen market. 2014, to open the market and non-compete

to competition. restrictions. Technical

progress on GSS

continued as we

scaled up for commercial

launch in September

2017, with strong

product trial results.

In June 2017 new

patent infringement

proceedings were

filed by ST in the

US which the Group

is defending vigorously.

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Developing and commercialising We maintain awareness Increased, due to

**Load-Date:** September 7, 2017

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[***Address of President of Kazakhstan: New possibilities of development in conditions of fourth industrial revolution***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RDD-M5T1-JDVR-020R-00000-00&context=1516831)

Emerging Markets Brokers Reports - Russia

January 9, 2018 Tuesday 12:00 AM EEST

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**Body**

The Address of the President of Republic of Kazakhstan Nursultan Nazarbayev to the people of Kazakhstan "New possibilities of development in the conditions of the Fourth Industrial Revolution".

Astana city10 January , 08:13

The Address of President of the Republic of Kazakhstan to the people of Kazakhstan. January 10, 2018.

"New possibilities of development in the conditions of the Fourth Industrial Revolution"

          Dear Kazakhstanis!

Today the world enters the era of the Fourth Industrial Revolution, the era of profound and rapid changes: technological, economic and social.

The new technological structure radically changes the way we work, we execute our civil rights, we raise children.

The need to be prepared for global changes and challenges has prompted us to adopt the "Kazakhstan-2050" Development Strategy.

We set out to enter the list of thirty most developed countries in the world.

The National ***Plan*** - 100 specific steps is being implemented, 60 of which have already been fulfilled. The rest are mostly long-term in nature and are implemented systematically.

Last year, the Third modernization of Kazakhstan was launched.

The Industrialization ***Program*** is being successfully implemented.

A comprehensive ***program*** "Digital Kazakhstan" was adopted.

A comprehensive ***Strategic*** ***Plan*** for the Development of the Republic of Kazakhstan was developed until 2025.

Our long-term goals remain unchanged.

We have all the necessary ***programs***.

This Address determines what we have to do for successful navigation and adaptation in a new world - the world of the Fourth Industrial Revolution.

Dear compatriots!

We created an independent Kazakhstan, which became a brand that inspires trust and respect in the world.

In 2017, our country became a non-permanent member of the UN Security Council.

In January 2018, we chair in it.

We became the first State among the countries of the CIS and Eastern Europe, which the world community chose for the International Specialized Exhibition "EXPO".

A successfully functioning model of a market economy has been built in Kazakhstan.

In 2017 the country, having overcome the negative consequences of the global crisis, returned to the trajectory of confident growth.

At the end of the year, the growth of gross domestic product was 4%, and industrial production - more than 7%.

At the same time, in the total volume of industry, the processing sector exceeded 40%.

The successful development of Kazakhstan allowed the formation of the middle class.

Poverty declined 13-fold, the unemployment rate fell to 4.9%.

At the core of the socio-economic successes of the country are the civil peace, interethnic and interfaith consent, which continue to be our main value.

Nevertheless, we must clearly realize that Kazakhstan's achievements are a reliable base, but not a guarantee of tomorrow's success.

The era of "oil abundance" is almost coming to an end. The country needs a new quality of development.

Global trends show that it should be based primarily on the broad implementation of elements of the Fourth Industrial Revolution.

It carries with it both challenges and opportunities.

I am sure that Kazakhstan has everything necessary to become a leader of the new world.

To do this, you need to concentrate on the following tasks.

THE FIRST TASK. Industrialization shall become the flagship of the introduction of new technologies.

It was its results that became one of the main stabilizing factors in the crisis years 2014-2015, when oil prices fell sharply.

Therefore, the benchmark for the manufacturing sector with high labor productivity remains.

At the same time, industrialization should become more innovative, taking advantage of the new technological structure 4.0.

It is necessary to develop and test new instruments aimed at modernizing and digitizing our enterprises with a focus on exporting products.

They should primarily stimulate the transfer of technology.

A pilot project on the digitization of several Kazakhstani industrial enterprises should be implemented, and then this experience should be widely disseminated.

The most important issue is the development of own ecosystem of developers of digital and other innovative solutions.

It should be created within innovation centers, such as the Nazarbayev University, the AIFC and the International Technopark of IT-Startups.

A serious revision of the organization of activity of the "Alatau" Park of Innovative Technologies is required.

The main factors for the success of the innovation ecosystem are the stimulation of the demand for new technologies by the real sector and the functioning of the private venture financing market.

This requires appropriate legislation.

In addition, the development of IT and engineering services is of particular importance.

Digitalization of the economy, apart from dividends, carries the risks of a large-scale release of work force.

It is necessary to work out an agreed policy on the employment of the released labor in advance.

It is necessary to adapt the education, communication and standardization system to the needs of the new industrialization.

In 2018, it is necessary to begin the development of the third five-year industrialization period devoted to the development of the "digital age" industry.

THE SECOND TASK. The further development of resource potential.

The world of the 21st century continues to need natural resources, which in the future will have a special place in the development of the global economy and economy of our country.

However, it is necessary to critically rethink the organization of commodity industries, approaches to the management of natural resources.

It is necessary to actively implement integrated information and technology platforms.

It is important to increase the requirements for energy efficiency of enterprises, as well as the environmental friendliness and efficiency of the energy ***producers*** themselves.

The exhibition "EXPO-2017" held in Astana showed how rapidly progress in the sphere of alternative, "clean" energy is moving.

Today, renewable energy sources (RES) account for a quarter of the world's electricity production.

According to forecasts, by 2050 this figure will reach 80%.

We set the goal to increase the share of alternative energy in Kazakhstan to 30% by 2030.

Today, we have 55 renewable energy sources with a total capacity of 336 MW, which in 2017 generated about 1.1 billion kWh of "green" energy.

It is important to stimulate business, to invest in "green" technologies.

Governor's Office of regions need to take measures on the modern utilization and processing of solid domestic waste with a broad involvement of small and medium-sized businesses.

These and other measures will require the updating of legislation, including the Environmental Code.

THE THIRD TASK. "Smart technologies" is an opportunity for a breakthrough in the development of the agro-industrial complex.

The agrarian policy should be aimed at a radical increase in labor productivity and growth in exports of processed ***agricultural*** products.

We have learned how to grow various crops and ***produce*** grain.

We are proud of this.

But this is not enough.

It is necessary to ensure the processing of raw materials and enter the world markets with high-quality finished products.

It is important to radically reorient the entire agro-industrial complex to this task.

The development of ***agricultural*** science requires priority attention.

It should deal primarily with the transfer of new technologies and their adaptation to domestic conditions.

It is necessary to revise the role of agrarian universities.

They should not just issue diplomas, but prepare specialists who will really work in the agro-industrial complex or engage in scientific activities.

These universities need to update training ***programs*** and become centers for the dissemination of the most advanced knowledge and best practices in the agro-industrial complex.

For example, a multiple increase in productivity can be achieved through technologies for predicting the optimum time for sowing and harvesting, "smart irrigation," intelligent mineral fertilization systems, and pest and weed control.

Unmanned technology can significantly reduce the cost of farming, minimizing the human factor.

The introduction of new technologies and business models, increasing the science intensity of the agroindustrial complex intensify the need for cooperative farms.

It is necessary to provide all-round support to ***agricultural*** cooperatives.

The State together with business should find ***strategic*** niches in the international markets and promote domestic production.

Intensification of ***agriculture*** should take place with preservation of quality and ecological compatibility of products.

This will create and promote a brand of natural food "Made in Kazakhstan", which should become recognizable in the world.

In addition, it is necessary to stimulate those who use the land with the best return, and take measures to inefficient users.

It is necessary to reorient ineffective subsidies to reduce the cost of bank loans for agribusiness entities.

I charge to increase labor productivity in the agro-industrial complex and export of processed ***agricultural*** products at least 2.5 times within 5 years.

THE FOURTH TASK. To increase the efficiency of the transport and logistics infrastructure.

Today several transcontinental corridors pass through Kazakhstan.

Much has been said about this.

In general, the transit of goods through Kazakhstan in 2017 increased by 17% and amounted to almost 17 million tons.

The task is to bring annual revenues from transit in 2020 to 5 billion dollars.

This will make it possible to return the funds spent by the State on infrastructure in the shortest possible time.

It is necessary to ensure the large-scale introduction of digital technologies, such as blockchain, to track the movement of goods in the online mode and their unhindered transit, as well as to simplify customs operations.

Modern solutions allow to organize interaction of all links of logistics.

The use of "big data" (Big data) will provide high-quality analytics, identify reserves of growth and reduce excess costs.

For these purposes, it is necessary to introduce the Intelligent Transport System.

It will allow to effectively manage transport flows and determine the needs for further development of the infrastructure.

To improve intraregional mobility, it is important to increase funding for repair and reconstruction of the local road network.

The total amount of budget funds allocated annually for this should be brought to 150 billion tenge in the medium term.

It is necessary to ensure active participation in this work of all Governor's Offices of the regions.

THE FIFTH TASK. The introduction of modern technologies in the construction and municipal sector.

As a result of the implemented ***programs***, the volume of housing construction in Kazakhstan exceeded 10 million square meters per year.

The system of housing savings is effective, which made affordable to obtain housing for the general public.

The provision of housing per capita has increased by 30% in the last 10 years and is now 21.6 square meters.

It is necessary to bring this figure in 2030 to 30 square meters.

In this task, it is important to apply new construction methods, modern materials, fundamentally different approaches to the design of buildings and urban ***planning***.

It is necessary to establish increased requirements for the quality, environmental friendliness and energy efficiency of buildings.

Building and existing houses and infrastructure should be equipped with intelligent management systems.

This will increase the comfort for the population, reduce the consumption of electricity, heat, water, will encourage natural monopolists to increase their efficiency.

It is important to introduce appropriate changes in legislation, including regulating the sphere of natural monopolies.

Governor's Offices need to more actively address issues of modernization of housing and communal infrastructure on the basis of public-private partnership.

To solve the issue of providing rural settlements with high-quality drinking water, the Government needs to provide annually at least 100 billion tenge from all sources for this work.

THE SIXTH TASK. "Reloading" of the financial sector.

It is necessary to complete the cleaning of the bank portfolio from "bad" loans.

At the same time, the owners of banks should bear economic responsibility, recognizing losses.

The withdrawal of funds from banks by shareholders in favor of affiliated companies and individuals must be a serious crime.

The National Bank should not be a spectator of such acts.

Otherwise, why do you need such a state body?

Supervision of the activities of financial institutions by the National Bank should be tough, timely and effective.

The State will continue to guarantee the observance of the interests of ordinary citizens.

It is necessary to accelerate the adoption of the law on bankruptcy of individuals.

In addition, I instruct the National Bank to finally resolve the issue of foreign currency mortgage loans of the population that were provided before January 1, 2016, when the law prohibits their issuance to individuals.

The National Bank and the Government should jointly solve the issue of providing long-term business lending at rates that take into account the real profitability in the sectors of the economy.

It is important to further improve the investment climate and the development of the stock market.

This is one of the main tasks of the International Financial Center "Astana", which began its work.

Using the best international experience, it should become a regional hub, applying English law and modern financial technologies.

The development of the stock market will also be facilitated by the successful withdrawal of shares of National NWF "Samruk-Kazyna" on an IPO.

THE SEVENTH TASK. Human capital - a base of modernization.

New quality of education.

We need to accelerate the creation of our own advanced educational system, embracing citizens of all ages.

The key priority of educational ***programs*** should be the development of the ability to constantly adapt to changes and assimilation of new knowledge.

In the pre-school education by September 1, 2019, it is necessary to introduce single standards for ***programs*** for the early development of children, developing social skills and self-study skills.

In secondary education, the transition to an updated content has begun, which will be completed in 2021.

These are absolutely new ***programs***, textbooks, standards and personnel.

It will be necessary to revise the approaches to training and the development of teachers' qualifications.

At the universities of the country, it is necessary to develop pedagogical departments and faculties.

It is necessary to strengthen the quality of the teaching of mathematical and natural sciences at all levels of education.

This is an important condition for preparing young people for a new technological order.

To increase competition between educational institutions and attract private capital, per capita financing in urban schools will be introduced.

Taking into account that the burden on students is the highest among the CIS countries, and on average by more than a third higher than in the OECD countries, it is necessary to reduce it.

In all regions, on the base of the Palaces of Schoolchildren, it is necessary to create a network of children's technoparks and business incubators with all the necessary infrastructure, including computers, laboratories, 3D printers.

This will help successfully integrate the younger generation into the research and industrial and technological environment.

The future of Kazakhstan people is for free possession of Kazakh, Russian and English languages.

A new methodology for studying the Kazakh language for schools with Russian as the language of instruction has been developed and is being implemented.

If we want the Kazakh language to live in the centuries, it is necessary to modernize it, without making it difficult with redundant terminology.

However, in recent years, 7,000 well-established and generally accepted terms in the world have been translated into the Kazakh language.

Such "innovations" sometimes can be ridiculous.

For example, "Galamtor" ("Internet"), "Koltyrauyn" ("crocodile"), "kui sandyk" ("piano") and there are a lot of such examples.

It is necessary to revise the approaches to the validity of such translations and to bring our language to the international level terminologically.

The transition to the Latin alphabet helps to resolve this issue.

A clear schedule for the transition to the Latin alphabet before 2025 should be established at all levels of education.

Knowledge of the Russian language remains important.

Since 2016, the Russia language has been taught in schools with Kazakh as the language of instruction from the 1st grade.

From 2019, the transition to teaching in English the individual natural science disciplines in the 10th and 11th grades will be started.

As a result, all our graduates will master three languages at the level necessary for life and work in the country and in the global world.

Then a real civil society will emerge.

A person of any ethnic group will be able to choose any kind of work up to the election by the President of the country.

Kazakhstanis will become a single nation.

The content of training should be harmoniously complemented by modern technical support.

It is important to continue work on developing digital educational resources, connecting to broadband Internet and equipping with video equipment of our schools.

It is necessary to update the training ***programs*** in technical and vocational education with the involvement of employers and taking into account international requirements and digital skills.

It is necessary to continue the implementation of the project "Free Vocational Education for Everyone".

The State gives the young man the first profession.

The Government must fulfill this task.

On the Internet, it is necessary to post video lessons and video lectures from the best teachers of secondary schools, colleges and universities.

This will allow all Kazakhstanis, including in remote settlements, to gain access to the best knowledge and competencies.

In higher education, it is necessary to increase the number of graduates trained in information technology, work with artificial intelligence and "large data".

At the same time, it is necessary to develop university science with a priority on research in metallurgy, oil and gas chemistry, agro-industrial complex, bio- and IT-technologies.

It is required to carry out a phased transition to English of applied scientific research.

Universities need to actively implement joint projects with leading foreign universities and research centers, large enterprises and multinationals.

Co-financing from the private sector should become a mandatory requirement for all applied research and development.

We need to build a system policy to support our young scientists with the allocation of quotas within the framework of scientific grants.

It is time for education to be treated as a separate branch of the economy with its investment projects and export potential.

It is necessary to legislatively consolidate the academic freedom of universities, giving them more rights to create educational ***programs***.

It is required to strengthen the retraining of teachers, to attract foreign managers to universities, to open campuses of world universities.

The building of the potential of the nation requires the further development of our culture and ideology.

This is the meaning of "Rukhani zhangyru".

The ideal of our society should be a Kazakhstani person who knows his history, language, culture, at the same time modern, fluent in foreign languages, having advanced and global views.

First class health care and a healthy nation.

With the increase in the life expectancy of the population and the development of medical technologies, the volume of consumption of medical services will grow.

Modern health care should focus more on the prevention of diseases, rather than on expensive hospital treatment.

It is necessary to strengthen the management of public health, promoting a healthy lifestyle.

Particular attention should be paid to protecting and strengthening the reproductive health of young people.

It is necessary to pass from ineffective and costly for the state medical examination to management of the main chronic diseases with the use of remote diagnostics, as well as outpatient treatment.

This experience has been in the world for long.

It is necessary to implement it boldly and actively.

It is necessary to adopt a comprehensive ***plan*** to combat cancer, to create a scientific oncological center.

Highly effective early diagnosis and treatment of cancer should be provided on the basis of international best practices.

It is necessary to carry out the same work that we conducted in cardiology, tuberculosis control and obstetrics.

Public health will be gradually transferred to the system of obligatory social health insurance (OSHI), based on the joint responsibility of the population, the sSate and employers.

The need for its implementation is beyond doubt.

However, more preparatory work is required, which has not been carried out by the Ministry of Health and the Ministry of Labor and Social Protection.

It is necessary to develop a new model of the guaranteed volume of free medical care (GVFMC), defining clear boundaries of state obligations.

Services that are not guaranteed by the State, the population will be able to receive by becoming a member of OSHI or through voluntary medical insurance, as well as co-payment.

It is necessary to increase the availability and effectiveness of medical assistance through the integration of information systems, the use of mobile digital applications, the introduction of electronic health passports, the transition to "paperless" hospitals.

It is required to start introducing technologies of genetic analysis, artificial intelligence in medicine, which improve the efficiency of diagnostics and treatment of diseases by an order of magnitude.

An important issue is the availability and quality of training of medical personnel.

Today we have a unique School of Medicine of the Nazarbayev University, in which an integrated university clinic functions.

This experience should be broadcasted to all medical schools.

To implement these and other measures, a new edition of the Code "On the Health of the People and the Healthcare System" shall be developed.

Qualitative employment and an equitable social security system.

It is important to ensure the efficiency of the labor market, to create conditions for everyone to fulfill their potential.

It is necessary to develop modern standards for all major professions.

In these standards, employers and businessmen will clearly state what knowledge, skills and competencies the workers should have.

It is necessary, based on the requirements of professional standards, to develop new or update existing educational ***programs***.

The reserve of economic growth is self-employed and unemployed.

I repeatedly demanded to understand the issue of self-employed.

The Ministry of Labor and Social Protection of Population has shown irresponsibility and superficiality in this matter.

It is necessary to provide more opportunities for involving people in productive employment - starting a business or getting a new profession and getting a job.

The work of NCE "Atameken" on training business deserves to be supported.

It is important to expand the coverage of these categories of the population with the ***Program*** for the Development of Productive Employment and Mass Entrepreneurship, strengthening its instruments.

The process of registering self-employed should be simplified as much as possible, creating conditions under which it would be advantageous to conscientiously fulfill their obligations to the State.

Kazakhstanis should be able to quickly find a new job, including in other localities of the country.

A full-scale introduction of a single electronic labor exchange is required, where all information on vacancies and job-seekers should be consolidated.

Without leaving home, a person will be able to pass vocational guidance tests, learn about training courses, state support measures and find interesting work.

Also, labor books should be translated into electronic format.

The law on electronic labor exchange must be adopted before April 1, 2018.

Social policy will be implemented through the involvement of citizens in a full-fledged economic life.

The pension system is now completely tied to the work record.

The more he works, a larger pension he gets.

In this regard, all Kazakhstani people need to seriously approach the legalization of their labor activities.

The system of social insurance will also strengthen the relationship between the length of service and the size of payments.

Since 2018, we have moved to a new order of providing targeted social assistance to low-income segments of the population.

Increased the threshold of its provision from 40 to 50% of the subsistence minimum.

For able-bodied needy citizens, cash assistance will be available provided they participate in employment promotion measures.

For disabled citizens, state support measures will be strengthened.

Dear people of Kazakhstan!

All the social obligations of the State will be fulfilled in full.

I want to remind you that in 2016-2017, pensions and benefits were increased three times.

The base pension has grown by a total of 29%, solidarity - by 32%, childbirth allowances - by 37%, and by disability and loss of the bread-winner - by 43% each.

Wages of health workers increased to 28%, education - up to 29%, social protection - up to 40%, civil servants "B" - 30%, scholarships - 25%.

The time of crisis. And not many countries in the world have also been able to increase social spending.

Expenditures of the republican budget for the social sphere in 2018 were increased by 12% and exceeded 4.1 trillion tenge.

The increase in social payments, including pensions, will increase the incomes of more than 3 million Kazakhstanis.

Since January 1, 2018, solidarity pensions have increased by 8%.

The increase in benefits for disabled people, families who lost their bread-winner, raising disabled children, amounted to 16%.

From July 1, 2018, the base pension will increase by an average of 1.8 times, depending on the length of service.

In addition, I instruct, from July 1, 2018, to additionally introduce state interests for parents caring for adults of the 1st group from childhood.

Such benefits in the amount of not less than one subsistence level will be received by about 14 thousand families on a month basis

For these purposes up to 3 billion tenge will be required in 2018.

To increase the prestige of the profession of a teacher, I instruct, from January 1, 2018, the official salary of teachers who pass to the updated contents of the teaching material, to increase by 30%.

Updated content is modern curricula that meet international standards and have been adapted in the Nazarbayev Intellectual Schools.

They give our children the necessary functional literacy and critical thinking.

In addition, I order to introduce in 2018 a new scale of categories for teachers, taking into account the level of qualifications with the increase in gaps between categories.

Categories should be appropriated through the national qualification test, as it is done all over the world.

This will stimulate teachers to continual improvement.

As a result, depending on the confirmed qualification in general, the salaries of teachers will grow from 30 to 50%.

To do this, in the current year it is necessary to allocate an additional 67 billion tenge.

THE EIGHTH TASK. Effective state governance.

It is necessary to continue the work to reduce costs for entrepreneurs and the population in the state administration.

In this regard, it is important to accelerate the adoption of a law aimed at further deregulating the business.

It is necessary to provide digitalization of the processes of obtaining state support by the business with its rendering on the principle of "one window".

Integration of information systems of state bodies will allow to pass from rendering separate state services to complex ones on the principle of "one application".

Also, it is necessary to continue work on improving the quality of services provided by natural monopoly entities.

It is important to establish reasonable tariffs for them and energy ***producers*** taking into account investment ***programs***.

Strong action is required to improve the business climate, especially at the regional level.

The Government should prepare a new package of systemic measures to support business, withdrawing it out of the shadows.

It should accelerate the implementation of the privatization ***plan***, expanding it by reducing the number of subordinate organizations of state bodies.

Those subordinate organizations that are really needed should, if possible, be consolidated to reduce administrative costs.

The released means should be directed to the introduction of a new system of payment for state employees on the basis of a factor scale.

It will reduce disproportions in the salaries of civil servants from the regions and the center, and will also take into account the nature of the work and its effectiveness.

I instruct the Government together with the Civil Service Agency to implement in 2018 pilot projects in central and local state bodies to implement this system.

It is necessary to more fully reveal the potential of the effectiveness of public service in the regions through increasing their economic independence and responsibility.

In general, the focus of regional policy should be shifted from equalizing expenditures to stimulating the growth of regions' revenues.

In particular, one of the most promising sources for any region is the development of inbound and inland tourism, which today creates every tenth job in the world.

The Government, in turn, shall take a package of measures, including simplifying visa procedures, developing infrastructure and removing barriers in the tourism industry.

Within the framework of fiscal decentralization, it is necessary to solve the issue of transferring corporate income tax to the regional budgets from small and medium-sized businesses.

Since January 1, 2018 in the cities of regional significance, villages and rural districts with a population of more than 2 thousand people, the legislation provides for the introduction of an independent budget and municipal ownership of local government.

Since 2020, these norms will operate in all settlements.

7 types of tax and other non-tax revenues were transferred to the budget of the village, as well as 19 directions of expenditures.

This will involve the population in solving local issues.

In addition, state bodies should use modern digital technologies to take into account remarks and suggestions of citizens in real time and prompt response.

Introducing new technologies, the State and companies should ensure reliable protection of their information systems and devices.

Today, the notion of cybersecurity includes protecting not just information, but also access to the management of production and infrastructure facilities.

These and other measures should be reflected in the National Security Strategy of Kazakhstan.

THE NINTH TASK. Struggle against corruption and the rule of law.

A preventive fight against corruption will continue.

A lot of work is being done.

Over the past three years, more than 2,500 people, including top officials and state-owned company executives, have been convicted of corruption.

During this period, about 17 billion tenge of the damage caused by them was reimbursed.

The digitization of processes in state bodies, including their interaction with the public and business is important.

In particular, citizens should see how their appeals are handled, and receive timely and qualitative answers.

Institutional reforms of judicial and law enforcement systems are being carried out.

Legislation has been introduced to provide for strengthening the protection of the rights of citizens in criminal proceedings, reducing its repressiveness.

The rights of lawyers have been expanded, as well as judicial control at the pre-trial stage.

The powers and areas of responsibility of law enforcement bodies are delineated.

The work on strengthening the guarantees of the constitutional rights of citizens, ensuring the rule of law, humanizing law enforcement must continue.

In the sphere of protection of public order and security, it is necessary to actively introduce intelligent video surveillance and recognition systems on the streets and in places of mass stay of citizens, control over traffic.

THE TENTH TASK. "Smart cities" for "smart nation".

2018 is the year of the 20th anniversary of our capital - Astana.

Its formation and becoming one of the most important centers of Eurasia development is the subject of our common pride.

Modern technologies provide effective solutions to the problems of a fast-growing metropolis.

It is necessary to implement the management of the urban environment in a comprehensive manner on the basis of the "Smart City" concept and the development of the competences of people moving to the city.

The world came to the understanding that it is cities that compete for investors.

They choose not a country, but a city in which it is comfortable to live and work.

Therefore, based on the experience of Astana, it is necessary to form a "reference" standard of "Smart City" and start spreading best practices and exchange of experience between the cities of Kazakhstan.

"Smart cities" will be the locomotives of regional development, the spread of innovations and the improvement of the quality of life throughout the country.

Here are 10 tasks. They are understandable and clear.

Dear people of Kazakhstan!

Owing to political stability and public consensus, we began to modernize the economy, politics and conscience.

The impetus to the new stage of technological and infrastructural development is given.

Constitutional reform has established a more precise balance of power branches.

We have deployed the process of updating the national conscience.

In fact, these three basic directions are the systemic triad of Kazakhstani modernization.

To meet the new time, we have to unite in a single nation - a nation on the verge of a historic ascent in the conditions of the Fourth Industrial Revolution.

[*www.strategy2050.kz*](http://www.strategy2050.kz).

\* \* \* \* \*

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[***PhosAgro CEO Presents Achievements of Past 4 Years***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P9V-4BK1-JB72-1121-00000-00&context=1516831)

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**Body**

The Board of Directors of PhosAgro (Moscow Exchange, LSE: PHOR), one of the world's leading vertically integrated phosphate-based fertilizer ***producers***, today heard a report by Andrey Guryev about the results of his four years as Chief Executive Officer of the Company, and received information about the development of the Company's strategy to 2025, as well as about implementation of the strategy to 2020.

In his report addressed to the Board of Directors on the results of PhosAgro's performance over the past four years during which he was CEO, Andrey Guryev noted: "The team and I have achieved good results thanks to a comprehensive approach to improving the efficiency of our operations, investment in the modernisation of existing facilities, and the construction of new high-tech production lines. We have strengthened our reputation and confirmed our status as a reliable and profitable company for our shareholders, employees, customers and other stakeholders.

"We intend to continue to strengthen Company's position on domestic and international markets. We have gig ***plans*** for PhosAgro's development. Our role in the global food chain will grow, as we ***produce*** a high-quality product that is unique in its purity."

The key investment project under the Company's strategy to 2020 is the construction of a high-tech ammonia production facility with a capacity of 760 ths tonnes/year that will be commissioned this year. This new production line is an integral part of the Russian Federation's Strategy for the Development of the Chemical and Petrochemical Industry through 2030. PhosAgro-Cherepovets will also commission a new 500 ths tonne/year urea shop.Completion of these two large-scale projectsmayenable PhosAgro to increase its production capacityfrom 2016 levelsby nearly24%,to9.2mln tonnes, by 2020.

Other facilities that were constructed and commissioned in the last four years include:

Aluminium fluoride facility, the production capacity of which increased from 23 ths tonnes/year to 43 ths tonnes/year at PhosAgro's Cherepovets production site;Complex PKS fertilizers line with a capacity of up to 100 ths tonnes/year at the Company's Volkhov production site;Liquid ammonia storage facility with a capacity of 8 ths tonnes at the Balakovo production site;The second Yuksporsky tunnel, main shaft No. 2 and expansion of the ANOF-3 beneficiation plant from 6.5 mln tonnes to 7.7 mln tonnes at Apatit, with the mid-term possibility of increasing capacity to 9 mln tonnes;The brand new Smart Bulk Terminal at the Ust-Luga port, which has helped PhosAgro achieve sustainable cost savings on export sales compared to third-party terminals.

Investments into efficiency and modernisation of production lines have enabled the Company to increase fertilizer output by about 5-10% per year.The Company expects fertilizer production to have increased by40% by the end of 2017, from 5.9 million tonnes in 2013to 8.3mln tonnes this year.Phosphate rock production is expected to have increased by 22%, from 7.7 mln tonnes in 2014 to 9.4 mln tonnes for 2017.

The number of fertilizer grades that PhosAgro ***produces*** has increased from 19 to 35 and, andby 2020, this number is expected to grow to 40-50. The greatest demand is expected to be for NPK / NPS fertilizers, which will account for up to 37% of total consumption, while demand for DAP and MAP will account for around 36%.

The company remains the leading fertilizer supplier for its priority domestic market.In the past four years, PhosAgro has nearly doubled domestic fertilizer and feed phosphates sales, reaching 2.1 million tonnes in 2016.The Company's sales network is active in 60 regions of Russia.

Supported in a large part by state policy and support of Russian farmers by the Russian Fertilizer ***Producers*** Association, which Andrey Guryev has headed since 2016, domestic ***agricultural*** ***producers*** were able to significantly increase fertilizer purchases and make Russia the world's top wheat exporter last year.

Trading companies established by PhosAgro in Brazil, Switzerland, Germany, Poland, France and Singapore have given the Company a presence in all of its priority export markets, enabling it to respond quickly to changes in demand and customer needs.PhosAgro now sells 80% of its fertilizers directly to customers, without intermediaries.

PhosAgro has kept the promises it made to investors during the IPO and SPO, and has paid dividends representing from 39% to 50% of net income. Thanks to the company's robust cash flows and ability to maintain a solid balance sheet throughout a major investment cycle, theCompany hasprovided investors with dividend income of USD3.1per share since 2013.Total dividends paid outduring the periodamounted to around USD 1.2 billion, and the average daily trading volume of PhosAgro GDRs on the London Stock Exchange has increased from USD 2 million in 2013 to USD 7 million in 2017.

Despite the fact that the average price for DAP (FOB Tampa) has decreased since 2013 from USD 446 per tonne to USD 346 per tonne in 2016, the Company has successfully overcome these difficulties, and its EBITDA margin for the same period has grown from 23% in 2013 to 39% for 2016. The Company's EBITDA has increased from RUB 23.9 billion in 2013 to RUB 72.4 billion last year.Moreover, the production capacity increases achieved to date bring an additional USD 180 million in EBITDA every year.

The Company's energy efficiency ***programme*** deserves special attention.PhosAgro has reduced its per-unit energy costs by40% overthe lastfour years.After commissioning its own generating capacities, combined with newly-built mineral fertilizer production units, a number of PhosAgro's enterprises can almost fully meet their own electricity needs.

Along with effective economic activity in regions where it is present, PhosAgro has a corporate housing ***programme***, and participates in a number of major social ***programmes*** in the fields of education, health, youth policy and support of sports.Annual outgoings on charitable and social projects total more thanRUB2.5billion.PhosAgro is one of the biggest taxpayers in the regions where it is active, with consolidated tax payments increasing by 1.5 times in the last year alone to RUB 18 billion. The company is the leading taxpayer in the Murmansk and Vologda regions.

In all cities where the company is active, it supports educational ***programmes*** as part of Educated and Healthy Children of Russia ***programme*** ("DROZD"). DROZD aims to address issues identified by the presidential ***programme*** for the development of physical education and sports to raise a healthy younger generation, developing children's sports, and healthy lifestyles for a harmonious upbringing.

The company is engaged in the training of highly-qualified engineering personnel, with an educational process that follows the 'school-technical college-university' progression. Practically all graduates from PhosAgro classes continue their education in the country's best technological universities and colleges, and then go on to work at PhosAgro or at other high-tech enterprises in Russia.

With the aim of developing tourism and creating a basis for forming new areas of economic growth, PhosAgro has partnered with the government of the Murmansk region and the mayor's office in Kirovsk to build the Bolshoi Vudyavr ski resort, which has become the flagship project of the region's tourism cluster.Between2013and2016, investment in major projects in the tourism, skiing and recreation spheres amounted toRUB3.2billion. Asa result, aggregate tourism traffichas increased by more than 300% over a five-year period.

With the direct involvement of Andrey Guryev, the PhosAgro has been in partnership with UNESCO since 2013, supporting talented young scientists who are engaged in research in the field of green chemistry, protecting the environment and human health. This ***programme*** is unique because it is the first time in the long history of UNESCO and the entire UN that such an initiative is being implemented on an extra-budgetary basis with financing from a Russian business.

For many years, the company has acted as a ***strategic*** sponsor for chess and, in particular, the Russian Chess Federation, at which Andrey Guryev is a member of the Board of Trustees. PhosAgro was the official sponsor of the World Chess Championship held in Sochi in 2014 and in New York in 2016, where Sergey Karyakin from Russia faced the reigning champion, Magnus Carlsen from Norway.

Overthe lastfour years, PhosAgro's GDRshave beenincluded in MSCI Russia and other indexes, and the Company became the only Russian winner ofgrand prixat the Russian Business Leaders: Dynamics and Responsibility competition.

The members of the PhosAgro Board of Directors gave positive marks to Andrey Guryev's performance as the CEO of PhosAgro during the past four years noting that his appointment opened a new chapter in the Company's history, and that implementation of the strategy to 2020 under his management has enabled PhosAgro to significantly increase its competitive advantages and strengthen its position on the global fertilizer market. The Directors expressed their confidence that the legacy of the strategy to 2020 will be continued in the strategy to 2025, which will bring about further development PhosAgro's production assets and even greater efficiency improvements.

About PhosAgro

PhosAgro is one of the leading global vertically integrated phosphate-based fertilizer ***producers***. The Company focuses on the production of phosphate-based fertilizers, feed phosphate and high-grade phosphate rock (P2O5 content of not less than 39%), as well as ammonia and nitrogen-based fertilizers.

The Company is the largest phosphate-based fertilizer ***producer*** in Europe, the largest ***producer*** of high-grade phosphate rock worldwide and the third largest MAP/DAP ***producer*** in the world (excluding China), according to Fertecon. PhosAgro is also one of the leading ***producers*** of feed phosphates (MCP) in Europe, and the only ***producer*** in Russia.

PhosAgro has 2.1 billion tonnes of resources (according to JORC) of high quality apatite-nepheline ore. The Company's mines and phosphate rock production facilities are located in the mountainous areas of the Kola Peninsula in the Murmansk region of northwest Russia, whereas its fertilizer and feed phosphate production assets are located near the city of Cherepovets in the Vologda region and near the city of Balakovo in the Saratov region of southwest part of European Russia.

PhosAgro's 2016 IFRS revenue was over USD 2.8 bln and EBITDA was USD 1.08 bln.

For further information on PhosAgro please visit:[*http://www.PhosAgro.com*](http://www.PhosAgro.com)

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**Body**

Brussels: Public Register European Parliament has issued the following document:

1 MULTIANNUAL INDICATIVE ***PROGRAMME*** BOLIVIA 2017-2020 1. The overall lines for the EU response 1.1 ***Strategic*** objectives of the EU’s relationship with Bolivia The ***strategic*** objectives of the relationship between the EU and its Member States and Bolivia are set in the Joint European Strategy (JES):1 The JES is based on a commitment to working together and achieving significant, qualitative progress in the European cooperation model in Bolivia. Accordingly, the initiative sets out the following joint positions for the Plurinational State of Bolivia and its European partners: a. Under the JES, it will be considered crucial to help the Bolivian State deepen the democratic process as regards its institutions and promote a favourable environment for the inclusive participation of all stakeholders in the comprehensive development of the Vivir Bien2 approach. The JES’s support will therefore be deemed important for strengthening the role of the government, the Plurinational Legislative Assembly, the judicial and local authorities, and civil society organisations. The JES will promote greater involvement of women in all areas and compliance with the principle of gender equality. It will also seek to make Bolivia’s institutions more effective with regard to human rights, the enjoyment of fundamental rights, good governance and the application of the legal framework.

b. The JES will support the formation of complementary and inclusive partnerships with all stakeholders in Vivir Bien, placing particular importance on coordinated support with the central government with regard to strengthening the capacities of Governors’ Offices and Municipalities in accordance with the Framework Law on Autonomy and Decentralisation and the Comprehensive State ***Planning*** System. It will also acknowledge the importance of the private and community sector within the diverse economy as drivers of growth, jobs, investment and innovation, with a key role in the reduction of poverty and the development of sustainable production systems. The construction of these partnerships will also include an analysis of the role of civil society organisations as key stakeholders in Vivir Bien, together with local and parliamentary authorities. Under these partnerships, it will be particularly important to count on the inclusion of the judicial authorities in the judicial reform process. c. The JES will guarantee a commitment to the development and implementation of common results frameworks at sectoral level, with a manageable number of indicators in accordance with the 2016-2020 Economic and Social Development ***Plan***. This 1 Paragraphs 50 and 51 pf the JES of 23/09/2016. 2 The 'vivir bien' (living well) concept, enshrined in the Bolivian Constitution, refers to the practices and visions of indigenous peoples, with at its core a life in harmony with nature and the larger community. 2 commitment will foster joint evaluation processes, based on the national and sectoral development ***plans***. d. The JES, together with the Ministry of Development ***Planning***, will ensure the transparency of its operations through the public, regular, detailed and timely dissemination of the European commitments, the sums spent and allocated, and the results obtained through the coordinated European effort. In this context, the priority measures to be implemented under the JES beginning in 2017 in accordance with the commitments in the Agenda on Development Effectiveness are the following:  Guarantee that the measures described in the JES are aligned with and complementary to the Patriotic Agenda 2025 and the 2016-2020 Economic and Social Development ***Plan***.  Seek to increase the proportion of resources used by national budget execution and procurement systems, as well as financial reporting standards.  Seek to ensure that all new ***programmes***, projects and cooperation initiatives are defined in the division of work to be established under the JES. 1.2 Choice of sectors Based on Bolivia’s specific conditions and needs, the ***Plan*** de Desarrollo Económico y Social 2016-2020 (Economic and Social Development ***Plan*** for 2016-2020 – PDES) and the EU’s and Switzerland’s JES for 2017-2020, the following sectors have been selected for ***intervention***: 1. Justice reform and fight against corruption 2. Fight against illicit drugs and control of surplus coca cultivation 3. Water, sanitation and natural resources management The proposed ***interventions*** in these sectors will contribute to the 2030 Agenda and will put into practice the EU’s approach to financing sustainable development and poverty eradication as set in 2015 at the Addis Ababa Conference. More specifically, this multiannual indicative ***programme*** (MIP) will contribute to the achievement of the following sustainable development goals for Bolivia:  SDG 2 — Zero Hunger: through actions aimed at reducing food insecurity levels in zones of outward migration (focal sector 2).  SDG 3 — Good Health and Wellbeing: through actions aimed at reducing the prevalence of drug and alcohol consumption (focal sector 2).  SDG 5 — Gender Equality: besides promoting equal access to resources and basic services across all ***interventions***, in accordance with the EU Gender Action ***Plan*** II, 3 this MIP includes specific actions to reduce gender-based crime and to increase access to justice for victims of gender-based violence (focal sector 1).  SDG 6 — Clean water and Sanitation: through actions aimed at increasing access to sanitation, improving water quality and fostering integrated water resource management (focal sector 3).  SDG 12 — Responsible Consumption and Production: through actions related to sustainable use of forest and biodiversity as well as knowledge and practices (focal sector 3).  SDG 15 — Life on Land: through actions aimed at conservation and restoration of ecosystems, and halting of deforestation and desertification (focal sector 3).  SDG 16 — Peace, Justice and Strong Institutions: through actions aimed at increasing access to justice, strengthening citizen participation, improving transparency, and fighting corruption (focal sector 1). Research and Innovation can play an important role in the achievement of the Sustainable Development Goals and should be considered of cross-cutting nature in support of the specific needs and priorities for Bolivia. The objectives set by the recent Communication on Partnership Framework for Migration3 in principle do not seem relevant for the Bolivian context. However, the management of internal migration flows has become a key pillar of the national policy to control the surplus of coca leaf cultivation (focal sector 2). Addressing the food security and socioeconomic development of Bolivia’s most vulnerable regions is crucial to diminishing certain domestic migration flows. 1) Justice reform and the fight against corruption Promoting good governance is a core aim of EU development policy and is key to reducing poverty and to Bolivia’s achieving the sustainable development goals (SDG 16 — Peace and Justice). Bolivia’s good governance progress currently very much depends on successful reform of the justice system and on a significant reduction of corruption. Since 2013, the EU Delegation, together with other European and international partners, has been engaged in supporting this reform process. The 2009 Bolivian Constitution aims to build a justice system that complies with international human rights norms, recognises indigenous justice systems, pays particular attention to the protection of individual rights, and focuses on marginalised groups such as women, children, young people, families and the elderly. However, in its Economic and Social Development ***Plan*** (PDES) for 2016-2020 (pillar 11.2), the government recognises that the justice system is 3 COM(2016) 385 - Communication from the Commission to the European parliament, the European Council, the Council and the European Investment Bank on establishing a new Partnership Framework with third countries under the European Agenda on Migration. 4 in crisis, due to delays and corruption, among other problems.4 To provide a comprehensive response to citizens’ demands for better justice services, the PDES makes justice reform a political and developmental priority and sets a number of objectives, including a transformation of the sector to guarantee access, speed, equity, transparency and respect for the values of vivir bien (living well). At the same time, the PDES (pillar 11.1) calls for a new model of public management based on civil servants’ high commitment and active fight against corruption at all levels. This includes the creation of a monitoring mechanism that evaluates performance and detects corruption. Public employees will have to be trained to implement this. It also lists e-government as a key tool to increase transparency and limit opportunities for corruption. In June 2016, a National Justice Summit took place to discuss sector reform. This event gathered representatives from the government, the judiciary and civil society to build a common vision towards the so-called ‘justice revolution’. The Summit is the starting point for the reform process and should pave the way for the definition of short-, medium- and long-term reform objectives, developed in a structured, comprehensive and overarching strategy that can lead to action ***plans*** and budgetary allocations. It should also enable the international community to define appropriate actions to support the reform process. The Summit focused on six working areas: i) selection of senior judicial authorities; ii) delays in justice; iii) access to justice; iv) fight against corruption; v) criminal policy and penal justice, and vi) training, recruitment, capacity building and disciplinary control of justice public officials. EU support for the justice sector and the fight against corruption is set in the context of the EU Agenda for Action on Democracy Support and the 2030 Agenda. It is based on a ***strategic***, long-term political approach and anchored in national priorities. The EU will continue to encourage Bolivia’s national authorities to prepare a comprehensive reform strategy while fostering citizen and civil society engagement. Accordingly, a mixed approach combining institutional capacity building and fighting corruption, with specific actions addressing key constraints to service delivery, seems to be the best supporting strategy at this point. However, EU support should also be flexible in order to respond to the different priorities and needs identified by the reform process and thus to achieve sustainable results. The following main areas have been identified as the entry points for EU support: Justice access for all (SDGs 16.3 and 16.6). A main problem of the justice sector in Bolivia is low access. The high cost and ritualism of ordinary law proceedings constitute a significant barrier for most people. Many of the country’s 339 municipalities are not covered by a first instance tribunal. Free legal assistance and public conciliation support are mainly available in urban areas. Different options to allow greater and fairer access to justice, including decentralisation of services and e-justice systems, are currently under analysis within the government. Existing alternative mechanisms (conciliation, arbitration and customary, essentially active in rural areas) need reinforcement. 4 PDES, p. 159. 5 Fight against corruption (SDG 16.5). According to the Transparency International corruption perception index for 2015, Bolivia had a score of 34, which has remained relatively stable over the past years. Since 2009, Bolivia has a national ***plan*** for transparency and fighting corruption, enforced by Supreme Decree Nº 214, with the final objective of creating a culture of zero tolerance for corruption. The decree, implemented by the Ministry of Transparency and Fighting Corruption, focuses on three main areas: strengthening citizen participation, improving the transparency of public institutions and access to information, and measures to eliminate corruption. Nevertheless, corruption remains a major issue in Bolivia, undermining the population’s trust in key institutions, such as the judiciary and the police. The EU will provide support for completing the regulative framework and strengthening its implementation. In addition to improving access to justice and fighting corruption, and in line with the EU Gender Action ***Plan*** II, the EU will support initiatives (including building capacity for gender equality work) to prevent gender-based crime and improve access to justice for gender-based violence victims (SDG 5.2); this is a matter of significant concern for Bolivian civil society and the government. Bolivia has made significant regulatory progress in this area in recent years (e.g Law 348 for women living free of violence), but effective implementation is lagging behind. It is expected that lower levels of corruption and a more effective judiciary will significantly contribute to better results in the other two sectors of EU ***intervention***. For example, it will make the fight against illicit drugs more effective and will improve the implementation of environmental legislation, which is particularly dependent on effective law enforcement. Given the relevance of environmental legislation for sector 3 of this MIP, there may be specific support envisaged in the area of environmental justice. 2) Fight against illicit drugs and control of surplus coca cultivation After a decade of involvement in alternative development ***programmes*** in coca production areas, the EU has in recent years supported the Bolivian government in developing a comprehensive counter-narcotics strategy. EU cooperation now covers a wide range of critical areas of the fight against drug trafficking. This evolution has been particularly relevant after the departure in 2013 of US agencies involved in the sector (NAS and USAID), which has left the EU as the only actor providing financial support to Bolivian work in this area. Prior to the election of Evo Morales in 2006, counter-narcotics policies in Bolivia focused on forced eradication of coca fields combined with alternative development. Subsequently, a ‘Bolivian model’ was developed, combining the reduction and ‘social control’ of coca production, alternative development, and interdiction. Recent data from the United Nations Office against Drugs and Crime (UNODC) shows that coca cultivation in the country decreased by 34 % between 2012 and 2015. According to the government, Bolivian authorities eradicated 11 019 ha of coca in 2015. In 2015, the Special Counter-Narcotics Police Force (FELC-N) reported an increase of 42 % in the destruction of cocaine 6 hydrochloride processing labs compared to 2014. Seizures of cocaine have also significantly increased in recent years. However, drug production and trafficking (hydrochloride, base paste and marihuana) and related crimes (money laundering, diversion of precursors and corruption) have increased and are a security problem, though at a lower level than for other countries in the region. They are also a significant obstacle to successful economic development. Despite the improved results of anti-narcotics operations, the growing presence of national and international criminal gangs is a matter of concern. The counter-narcotics sector in Bolivia has an outdated legal and regulatory framework (law 1008) which is currently under revision. To improve sector coordination, the government issued a national Strategy to Fight Drugs and Reduce Surplus Coca 2011-2015 (ELCN, 2012) and a corresponding action ***plan*** (2013). The ELCN complements the National Strategy for Comprehensive Development with Coca 2011-2015 (ENDIC). The new national Strategy to Fight Drugs and Reduce Surplus Coca 2016-2020 (ELCN&CCEC) was adopted at the end of 2016, whereas the new ENDIC until 2020 is currently under preparation.. The ELCN makes clear that comprehensive national solutions are needed to fight drug trafficking and identifies three working pillars: supply reduction, demand reduction, and reduction of surplus cultivation of coca leaf. The new strategy for 2016-2020 will most likely be in line with the previous one. The ENDIC 2016-2020 is under preparation and, as stated in the PDES, will focus on supporting the creation of ‘productive complexes5’ using a territorial approach. The National Council for the Fight against Illicit Drugs Trafficking (CONALTID) was reorganised by Supreme Decree 0649 from 29 September 2010. CONALTID acts as a central coordination unit for different ministries and is supported by the EU. Decree 0649 also created the National Council for Revalorisation, Production, Commercialisation and Industrialisation of Coca Leaf (CONCOCA) which will be operational soon. The government has significantly increased its budget allocation to the sector over the last few years, in particular to the FELC-N and to the National Fund for Alternative Development (FONADAL). In line with Bolivia’s national counter-narcotics strategy and EU drugs policy for 2013-2020, the 2030 Agenda and with full respect for human rights, EU support focuses on three main areas: I. The fight against production and trafficking (SDG 16.4), the reduction of coca leaf surplus cultivation and law enforcement. This has included building capacity in public entities such as the FELC-N, the Chief Public Prosecutor, the General Directorate for Migration, the National Customs Office, the Joint Military and Police Force, the Financial Investigation Unit and the CONALTID. Under the current budget support ***programme***, funding will be provided to improve the sector’s legal and regulatory 5 A Bolivian adaptation of the concept of integrated value chains, which gives particular importance to community and social development. PDES pp 104-117. 7 framework, the effectiveness of police operations and intelligence activities, the reduction of coca cultivation, the mainstreaming of the sector policy in relevant public entities, and the participation of civil society. In addition, the EU is funding the UNODC annual coca leaf monitoring report and drugs seizures destruction observation. Bolivian institutions in charge of the fight against illicit drugs will also benefit from a major police technical assistance ***programme*** to be implemented by a consortium of EU Member States. Current ***programmes*** already link to ***interventions*** under focal sector 1 of this MIP to strengthen the judicial system and therefore improve the prosecution of drug-related crimes, and to ***interventions*** under sector 3, with the EU Delegation supporting the collaboration between Bolivian institutions in charge of the fight against illicit drugs and the department in charge of protected areas. II. Demand reduction (SDG 3.5), in line with the Bolivian National ***Plan*** for Drug Demand Reduction (2013). This includes preventing drug abuse, rehabilitation of drug addicts, and reintegration of small-scale drug criminals into the workforce. The ***plan*** (and EU support) envisages the improvement of the legal and regulatory framework, the creation of a regulatory body in the field of prevention and rehabilitation, the incorporation of innovative concepts, and nationwide capacity building. The PDES aims to reduce the prevalence of drug and alcohol consumption in Bolivia by 5 % by 2020. III. Comprehensive development with coca6 (SDG 2). This aims to reduce excess coca cultivation by offering alternative economic and employment opportunities to coca growers, while ensuring environmental sustainability. The ongoing budget support ***programme*** PAPS 2 supports the implementation of the ENDIC 2011-2015, whose main goals are to diversify ***agriculture*** production, create employment and improve living conditions both in coca production areas and zones of outward migration. Experience in the past ten years has shown links between the expansion of coca cultivation and food insecurity in other non-coca growing parts of the country. Indeed, the success of forced eradication, coca rationalisation and alternative development ***programmes*** is counterbalanced by an influx of new settlers farming coca (mainly impoverished peasant farmers from the Altiplano). Efforts to try to reduce the extension of coca in traditional cultivation areas are undermined if nothing is done to diminish migration flows in areas vulnerable in terms of food security. To address this, it is important to support the socioeconomic development of outward migration areas and to reinforce communities’ resilience to the effects of climate change. A new EUR 20 million budget support ***programme*** targeting those particular areas/issues and aligned with the PDES is expected to start in 2016. Moreover, this budget support ***programme*** will benefit from a PRO-ACT7 top up of EUR 7 million, which will focus 6 alternative development. 7 ‘Supporting the poor and food insecure to react to crises and strengthen resilience’, under the Food and Nutrition Security and Sustainable ***Agriculture*** component of the GPGC, to tackle the impact of ‘el Niño’. The top up will focus on addressing the causes of chronic lack of micro-elements (iron and zinc), improving the adoption of ***agricultural*** good practices to increase resilience against droughts, increasing diversification of ***agricultural*** production and strengthening food insecurity monitoring mechanisms. 8 on the most vulnerable and food insecure areas. Efforts in the ***agriculture***/rural development and food security sectors are also aligned with the Bolivian Intended Nationally Determined Contribution (INDCs), where ***agriculture*** and forestry production are deemed to be key for poverty reduction and adaptation to climate change. 3) Water, sanitation and natural resources management The Government of Bolivia aims to promote the integrated development and sustainable use of natural resources to guarantee the well-being of its population. Accordingly, it promotes a balance of production and consumption in order to satisfy the need of Bolivian people for ‘el Vivir Bien’, while at the same time protecting the regenerative and adaptive capacities of the environment in all its components — forests, water, soil, etc. The 2009 Constitution and the 2012 Ley de la Madre Tierra (Law of Mother Earth) set out Bolivia´s endorsement of the human right to water and sanitation and its vision of natural resources management. This is further developed in pillars 2 (Universalisation of basic services) and 9 (Environmental sovereignty with integral development) of the PDES. These pillars focus on the availability of basic services, sustainable productive systems, water resources, forests and protected areas, waste management and prevention of natural disasters. The Ministry of Environment and Water Institutional ***Strategic*** ***Plan*** for 2014-2018 is firmly set in this framework and aims to contribute to the PDES national targets and to the climate-change-related commitments made by Bolivia at the Conference of Parties in 2015 through its intended nationally determined contribution. In the past five years, the EU has supported the sector through a number of ***interventions***, of which the most noteworthy were four sectoral budget support ***programmes*** and one ***programme*** estimate aiming to: a) improve access to water and sanitation services, mostly in poor rural and suburban areas; b) manage river basins at national and local level, taking into account climate change, deforestation and natural disasters; c) manage Bolivia’s natural protected areas and d) the environmental protection and economic development of areas affected by pollution from mining activities. Important capacity building activities accompanied these ***interventions***. Overall results have been satisfactory and alignment to government priorities full. However, there is agreement that further integration has to be achieved between different sub-sectors (water, environment, river basins, natural resources, sanitation, etc.) for the EU to be aligned with the new vision of the MEW. ***Interventions*** proposed under this MIP will therefore, as much as possible, support MEW´s integrated approach to water, sanitation, environment and natural resource management, recognising their strong links and interdependences. The Delegation will also support coordination with other ministries that may have an impact on this sector such as for ***agriculture*** and energy which are key sectors within the Bolivian policy on climate change (ref. INDCs presented at COP21). Moreover, this MIP will aim at supporting those geographical areas and sectors that present major gaps with respect to national development targets and the 2030 Agenda with Sustainable Development Goals. This is the case, for example, of sanitation, especially in 9 rural and peri-urban areas, where needs are the highest, ***interventions*** more costly and stigmatisation greater. In the case of environment, it will be crucial to focus on areas of ***strategic*** importance for the well-being of the Bolivian population, as for example the five protected areas supplying water to the main Bolivian cities, the wetlands recognised under the RAMSAR Convention for their biodiversity value and the forest areas that provide the highest economic contribution through forest products. The proposed approach is in line with and contributes to the Joint European Strategy priority sector Environment and Climate Change, and specifically to three of its subsectors: water & sanitation, forests & biodiversity and water basins & irrigation. The Delegation will endeavor to promote the principle of equal access and control over clean water, and equitable engagement in its management, enjoyed by girls and women, as per objective n. 16 of the EU Gender Action ***Plan*** II. 2. Financial overview 1. Justice reform and fight against corruption EUR 20,000,000 12,6 % 2. Fight against illicit drugs and control of surplus coca cultivation EUR 50,000,000 31,6 % 3. Water, sanitation and natural resources management EUR 86,366,800 54,5 % Cross-cutting support measures EUR 2,000,000 1,3 % Total EUR 158,366,800 100 % 3. EU support per sector 3.1 Justice reform and fight against corruption (EUR 20 million) 3.1.1 The following overall and specific objectives will be pursued: Overall objective: to enhance justice and reduce corruption in Bolivia, to be in line with international and regional norms and standards and Bolivian human rights commitments. Specific objective 1: contribute to strengthen the independence, impartiality, transparency and effectiveness of the justice sector (SDG 16.6). Specific objective 2: to improve population access to justice services in order to facilitate the exercise of fundamental rights, with particular emphasis on vulnerable groups and victims of gender violence (SDG 16.3). Specific Objective 3: contribute to reduce corruption levels within the public administration by promoting transparent institutions and the implementation of policies for the prevention and fight against corruption (SDG 16.5). 3.1.2 For each of the specific objectives the main expected results are: 10 Expected Result a): Pertinent and viable guidelines for a comprehensive justice reform (including short, medium and long term actions, credible budget allocations and smart indicators) are under execution. Expected Result b): Improved quality and effectiveness of the justice sector in the frame of the full respect of human rights. Expected Result c): Improved population access to justice services, especially for vulnerable groups. Expected Result d): Improved effectiveness of the gender based violence prevention services and of assistance and protection to victims. Expected Result e): Integrated National Policies for prevention and transparency aiming at reducing corruption levels, under execution. f) A comprehensive, pertinent and credible ***plan*** to fight against corruption and to recover assets within the public sector is under execution. 3.1.3 For each result, the main indicators are: ER a) Indicators:  Adoption of a comprehensive, pertinent and credible ***strategic*** document defining guidelines for the Justice Reform (including short, medium and long term actions).  Government expenditure in the justice sector (as a percentage of the National Budget).  Progress of Bolivia in the International Governance Indicators (Voice and Accountability, Regulatory Quality, Rule of law and control of corruption and others)  Existence of an institutional mechanism to monitor the implementation of the Justice Reform (Implementation Commission). ER b) Indicators:  Number of justice professionals (judges, prosecutors, policemen, investigators and others) that are recruited/nominated on the basis of objective and transparent criteria.  Number of pending cases per 100 inhabitants per matter.  Clearance rate (number of resolved cases over the number of incoming cases).  Delays measured by length (in months) of the proceedings, per matter.  Development and implementation of new smart judicial and prosecution management models.  Availability of information about the judicial system for the general public. ER c) Indicators: 11  National coverage of first level courts and to comprehensive and free justice services (Plurinational Integral Service-SIJPLU), Plurinational System for Assistance to Victims-SEPDAVI), Plurinational System for Public legal Aid/Defence-SEPDEP and others).  Attention rate of legal assistance and other services, per matter (n. of people receiving assistance over n. of people seeking it).  Number of cases referred to alternative dispute resolution mechanisms through conciliation and national coverage.  National coverage of pilot mobile justice services. ER d) Indicators:  Prevalence of girls and women who have experienced physical or sexual violence in the last 12 months (disaggregated by age).8  Geographical coverage of assistance services for the victims of gender based violence  % of victim-survivor of violence (physical, sexual, mental or others) including trafficking and forced labour who received assistance and rehabilitation services in the last 12 months. ER e) Indicators:  A national regulation for access to public information adopted and implemented.  Creation, adoption and implementation of a comprehensive set of indicators on Transparency and Anticorruption in line with international standards.  Number and quality of accountability reports provided by State institutions.  On the basis of a mapping of risks in courts, prosecutors’ offices, police stations and other public entities, creation of a risk management system that would allow ***planning*** of anticorruption initiatives ER f) Indicators:  Number of cases referred for discipline or prosecution following investigation and number of referred cases resulting in the imposition of discipline or punishment.  Number of public servants who undergo verification of their revenues and goods declarations.9 8 EU Gender Action ***Plan*** (GAP) and SDG 5.2 9 Declaración Jurada de Bienes y Rentas. 12  The Integrated Information system on Anti-corruption and Recuperation of Goods by the State (SIIARBE) is linked to the monitoring systems of judicial and prosecution proceedings.  Number of prosecutions aiming at assets/funds recovery ending in actual recovery.  Number of complaints for acts of corruption at national level. More precise indicators (disaggregated by gender and age, whenever possible) will be developed at the formulation stage for Financing Agreement on the basis of the ***Strategic*** Reform ***Plan*** that should emerge from the National Justice Summit. At the same time, baseline data and targets will be established, wherever missing. 3.1.4 Donor coordination and policy dialogue are: Donors’ coordination is ensured through the work of the International Group on Justice (GIJ), which over the last few years has been working closely with national authorities to support the whole reform process. A broad policy dialogue on the justice sector with Bolivian institutions is in place, through formal and informal channels (troika dialogue, seminars, provision of international expertise, bilateral and multilateral round tables, etc.). The GIJ has also been active as regards coordination between donors in the sect

or. The group meets at least once a month facilitating the sharing of information about bilateral ***programming***. At present, the GIJ is working on developing a common results framework to avoid overlapping and to foster complementarity. The group also formulated an agreed common agenda for the international community, which has considerably enhanced the quality and effectiveness of the policy dialogue. To date, there is no specific coordination mechanism for the fight against corruption, although the Delegation maintains a fruitful dialogue with the relevant Ministry. As part of the EU ***intervention*** under this MIP, the Delegation will support the enhancement of coordination among donors interested in this area of work and the relevant government institutions. 3.1.5 The Government’s financial and policy commitments are: The sum of the Ministry of Transparency’s and the Justice Sector’s10 share of the national budget for 2015 is 0.56 %, most of it for salaries, with almost no provision for investment. The figure is well below international norms. The Government is asking the judiciary to improve its performance and resolve the backlog of pending cases as a precondition to increasing the budget allocation for this sector. 10 Including Ministry of Justice, Supreme Audit institution, General Prosecutor Office, Ombudsmen, General Attorney Office, Constitutional Court and the Judiciary. 13 In bilateral meetings, the government has committed to fund the reform process, once a strategy emerges from the Summit, with clear results and indicators. The international community ***plans*** to provide complementary funds to support key areas of reform. 3.1.6 The overall risk assessment of the sector ***intervention***: The justice sector has often been criticised in the media and by Government for its cumbersome procedures, the substantial number of pending cases leading to abnormal delays and extended use of preventive detention, corruption, and the poor condition of prisons. Insufficient allocation of Government funds (to both the Justice sector and the fight against corruption) seems to be a major risk associated with EU ***intervention***, along with the weak capacity of the different public bodies concerned, notably in terms of human resources and leadership. The EU should adopt a step-by-step approach, taking into account the present absorption capacities of the concerned institutions and the political sensitivity of the sectors. 3.2 Fight against illicit drugs and control of surplus coca cultivation (EUR 50 million) 3.2.1 The following overall and specific objectives will be pursued: Overall objective: to support Bolivia’s Strategy to fight against trafficking of illicit drugs and to control surplus cultivation of coca (ELCN&CCEC 2016-2020). Specific objective 1: contribute to the fight against illicit drugs and related crimes/offences (pillar 1 of the ELCN&CCEC) by strengthening operational capacities of involved public institutions, law enforcement and dialogue with civil society organisations and international actors in the framework of shared responsibility Specific objective 2: to support the implementation of the demand reduction pillar of the ELCN &CCEC based on a solid regulatory framework and on a comprehensive approach covering prevention, rehabilitation and reinsertion issues. Specific objective 3: to support the National Strategy for Comprehensive Development with Coca (ENDIC 2016-2020) and the control of surplus cultivation of coca as foreseen by the ELCN&CCEC 2016-2020, for the stabilisation of coca cultivation and the strengthening of food security in ENDIC priority areas. 3.2.2 For each of the specific objectives the main expected results are: Expected Result a): Strengthening national efforts in the fight against drugs (SDG 16.4). Expected Result b): Drug consumption reduced among Bolivian population (SDG 3.5). Expected Result c): Coca production stabilised and food insecurity reduced (SDG 2). 3.2.3 For each result, the main indicators are: ER a) Indicators: 14  Quantity of seized drugs (cocaine and marihuana) confiscated and incinerated (Tn.).  Number of cocaine factories and laboratories destroyed.  Quantity of chemical substances and precursors seized and legal proceeding against companies and/or persons engaged in illegal trafficking of said substances.  Number of prosecutions of drug trafficking related crimes. ER b) Indicators:  Prevalence of drug consumption within the general population.  Percentage of population benefiting from prevention and rehabilitation ***programmes***.  Regulatory body for prevention, rehabilitation and reinsertion created and in full function. ER c) Indicators:  Surface (number of hectares) and or volume of coca production in the country.  Production volume of alternative crops in defined coca production areas.  Number of sustainable productive complexes created in areas of coca production according to the Economic and Social Development ***Plan*** 2016-2020.  Increased food security in defined areas of outward migration.  National Migration flows in defined areas of outward migration. More precise indicators (disaggregated by gender and age, whenever possible) will be developed at the formulation stage for Financing Agreement on the basis of the new relevant government strategies (ELCN and ENDIC) currently under preparation. 3.2.4 Donor coordination and policy dialogue are: There are few donors active in the counter-narcotics sector in Bolivia. Several European countries supported alternative development projects in the past but channel today their contributions through UNODC. The United States agencies (DEA, USAID, NAS) left the country between 2008-13 after five decades of substantial financial and technical aid. The international community, organised under the mini Dublin group, ***produces*** an annual assessment of the counter-narcotics situation in Bolivia. UNODC has established the Thematic Group on Drugs, which gathers all international donors in the sector and neighbouring countries 2-3 times a year. At a regional level, the EU has established a platform with Latin American and Caribbean states (EU-LAC) to discuss drug issues. In 15 addition, several regional EU funded projects (such as ‘COPOLAD’ or ‘EL PACCTO’) have intensified in recent years the coordination between Latin America and Europe. Over the past years, the EU has progressively become the main donor in anti-drugs cooperation to Bolivia, not least thanks to important ***interventions*** under the previous CSP (EUR 69 million) and under the MIP 2014-2016 (EUR 60 million to fight against drugs + EUR 20 million for food security). International partners, including UNODC, rely on our longstanding and constructive relationship with the Government and sector institutions. Policy dialogue in the law enforcement sub-sector is a challenge and a delicate exercise. However, there is at present a good level of trust and fruitful coordination between the EU, CONALTID and the FELC-N, not least thanks to the institutional support already provided. Over the past few years, coordination and policy dialogue between central government, public entities, social sector organisations and donor community has evolved positively in the subsector ‘comprehensive development with coca’. There is a well-established sector coordination group (MESDI) led by the Ministry of Rural Development and Land (MDRyT). Important efforts are currently being deployed by the Vice Ministry to develop a monitoring system of the entire national strategy with the aim of improving the quality of sector policy dialogue with donors. In the case of food security, a sector coordination group (MESSA) is currently under creation by the MDRyT, with the participation of local and international actors (local governments, FAO, PAM, Belgium, Germany, EU, etc.). 3.2.5 The Government’s financial and policy commitments are: The government has increased its financial contributions to the counter-narcotics sector, from USD 20 million in 2010 to USD 36 million in 2013. This amount is in addition to the regular public budget allocations for the police, military, migration, customs, etc., but is still relatively low given the scale of the problem. After the withdrawal of US agencies, President Morales announced that the Government would make up the loss in financial contributions. However, the fight against drugs is expensive and Bolivia might in the future experience financial constraints in covering future needs. In this context, and under the principle of shared responsibility for the fight against drugs, the EU should encourage international partners to support actively the Bolivian anti-drugs strategy. As regards alternative development in coca production areas, the government has increased its financial contribution to the sector (+14 % each year) and it seems a priority for the next years. The new PDES considers food security as one of the main priorities for the coming years and introduces the concept of Territorial Productive Complexes for which significant public investment is expected. Bolivian political commitment to fight drug production and trafficking is strong. Bolivia is party to all drug relevant regional and international conventions and has signed some 70 bilateral agreements on the subject. The President’s slogan ‘Coca yes, Cocaine no’ expresses the Bolivian policy of allowing a limited amount of coca production in defined areas for legal 16 consumption (mainly chewing) while combating the production and trafficking of cocaine and pasta base. The stabilisation of coca production since 2010 and its net reduction to 20 200 hectares in 2015 confirms that Bolivia has applied a successful mix of measures to control coca cultivation. On the interdiction side, the security forces achieve respectable results with limited resources. However, improvement in law enforcement capacities still represents a major challenge. 3.2.6 The overall risk assessment of the sector ***intervention***: More attention should be given to assist the executive, the judiciary and the legislative powers to improve the legal framework for the fight against drugs, and support relevant public entities to apply the law. Though technical expertise and training are important tools, a strengthened political dialogue, jointly with international partners is essential to support the reform process. In this context, the dialogue with non-state actors is also crucial to foster the participation of civil society, including traditional social movements, in the fight against drugs. The generally weak capacity of public entities in charge of enforcement constitutes an important risk for ***programme*** implementation and financial execution. While modern equipment and technology will contribute to overcoming this situation, measures such as training and twinning opportunities are vital to successful implementation. An ambitious EU-funded technical assistance ***programme*** on counter narcotics started in 2016 under the coordination of a Consortium of EU Member States Police Agencies. The aim of this ***programme*** is to improve the capacities of the Bolivian police forces and therefore to reduce the above mentioned risk. Bolivia needs to improve its cooperation with neighbours and other international partners. The EU is currently supporting attempts to strengthen of Bolivian regional cooperation via a bilateral EU-UNODC ***programme*** and several regional counter-narcotics projects (eg cocaine route ***programme***, COPOLAD, etc.). In the case of alternative development and food security, the main risks are the high price volatility of different ***agriculture*** products (banana, pineapple, coffee, cocoa, honey and palm hearts), marketing and distribution weaknesses and the potential for social conflict in coca production areas. A better market approach and economic diversification strategy complemented with better dialogue between Government and the different coca production areas should help to mitigate the risks significantly. 3.3 Water, sanitation and natural resources management (EUR 86,366,800) 3.3.1 The following overall and specific objectives will be pursued: Overall objective: to support Bolivia´s efforts toward integrated water resource management, including access to water and sanitation services and related economic opportunities, while ensuring environmental sustainability and climate change adaptation and mitigation. 17 Specific objective 1: to support the Bolivian sectoral ***plan*** to increase coverage of improved and sustainable sanitation facilities by 2020. Specific objective 2: to improve sustainable management of natural resources, including forests, ensuring availability of quality water and the protection of critical ecosystems. 3.3.2 For each of the specific objectives the main expected results are: Expected Result a): Increased coverage rate of improved sanitation facilities11 (SDGs 3.3 and 6.2). Expected Result b): Improved water governance and management of water-related risks (SDGs 6.3, 6.5, and 6.a). Expected Result c): Improved integrated forest management, and protection and sustainable use of critical ecosystems (SDGs 6.6, 12.2, 15.1, 15.2, 15.9, 15.a, 15.b) 3.3.3 For each result, the main indicators are: ER a) Indicators:  Percentage of population, with access to improved sanitation facilities.  Percentage of population in small concentrated communities connected to sewage systems.  Number of new –or expanded — small scale wastewater treatment plants in small concentrated communities.  Number of schools with improved sanitation facilities and DESCOM12 provided to students on appropriate hygiene habits.  Number of sub-national level stakeholders (municipal and department-level government staff and EPSAs) provided with basic knowledge on adapted sanitation technologies and DESCOM that includes the relation between sanitation, hygiene and human health. ER b) Indicators:  Number of ***strategic*** water basins with integrated management ***plans*** under implementation.  Number of sub-basins intervened with integrated natural resource management. 11 Access to improved sanitation facilities refers to the percentage of the population using improved sanitation facilities. An ‘improved’ sanitation facility is one that hygienically separates human excreta from human contact. The improved sanitation facilities include flush/pour flush (to piped sewer system, septic tank, pit latrine), ventilated improved pit (VIP) latrine, pit latrine with slab, and composting toilet (Source: WHO). 12 Desarrollo comunitario = Community development activities. 18  Number of municipalities with coverage of Early Warning Systems integrated into the national system.  Number of water bodies with water quality monitoring systems. ER c) Indicators:  Surface of forested area, in hectares.  Surface of forested area at river sources, in hectares.  Number of key areas providing environmental functions monitored and with management.  Surface under integrated water resource management, integrated and sustainable management of forests, protected areas and biodiversity.  Number of direct and indirect beneficiaries from new projects promoting the sustainable use of natural resources.  Number of communication and sensitisation campaigns on the importance of environmental functions, integrated environmental management and key conservation areas. In Attachment 1 additional information is provided on the link between these indicators and the PDES and Sector ***Plans***. It is also worth noting that the proposed results are expected to contribute to the achievement of the targets set by Bolivia at COP21 in the sectors of water vulnerability and adaptive capacity in water as well as sustainable management of forests. More precise indicators (disaggregated by gender and age, whenever possible) will be developed at the formulation stage for Financing Agreement on the basis of the new relevant government strategies currently under preparation. 3.3.4 Donor coordination and policy dialogue are: Effective donor coordination and harmonisation has existed for years in the water and sanitation subsector. The Group of Donors in the Water and Sanitation Sector (GRAS), established jointly between the Government and the donor community, is being currently reinforced to ensure alignment of donors’ ***interventions*** to the new water and sanitation sectoral ***plan*** 2016-2020. Besides the EU, the most significant donors are Germany, Spain and multilateral institutions such as the Inter-American Development Bank (IDB) and Corporación Andina de Fomento (CAF). Resources Management subsector also has a donor coordination mechanism — the ‘Basin Group’. It works under the leadership of the Vice Ministry of Water Resources and Irrigation, with the participation of all donors and technical assistance providers. The group has developed a Performance Assessment Framework (PAF) which has served as a tool to review progress in the subsector policy. Current donors include the EU, Belgium, Germany, Sweden, Switzerland, the IDB and WB. 19 The actors supporting the environment and climate change sub-sector meet through a specific Donor Group under the GruS, and the EU currently plays a leading role. 3.3.5 The Government’s financial and policy commitments are: The Government´s policy commitments to the sector are clearly presented in the Economic and Social Development ***Plan*** 2016-2020 and the related sector ***plans***. Water and sanitation coverage is also a key commitment of the Government in the Patriotic Agenda. The estimated investment needed to achieve established targets for the sector is of about USD 2 400 million, to be achieved through own resources, credits and grants. The second phase of the Watershed Management ***Plan*** (2014-8) has a financial projection of USD 115.8 million (EUR 102 million), which is implemented both directly by the Vice Ministry of Water Resources and Irrigation (with an annual budget of around EUR 7 million) and through related ***programmes*** coordinated with the same Vice Ministry (eg the EU-funded ***programme*** in Lake Poopó). 3.3.6 ***Strategic*** Environmental Assessment or Environmental Impact Assessment In 2010, the Delegation carried out a comprehensive environmental assessment and presented in 2011 a Country Environmental Profile for Bolivia, which is still valid. 3.3.7 The overall risk assessment of the sector ***intervention***: Besides the general context risks described in section 3.5 of the JES, specific risks to the sector derive from climate change-related challenges as well as weakness vis-à-vis more profitable productive sectors with competing interests. The 2015 Presidential Decree on hydrocarbon exploration in protected areas has highlighted the degree of pressure natural resources are exposed to in a context of decreasing economic growth, and the need for strengthening both the normative framework and the control mechanisms in the field. The Delegation has already started providing technical assistance to the Ministry in this area and is committed to continue its support together with other cooperation agencies. Institutional stability and good governance will be very important in order to have continuity and consistency in the implementation of the sectoral ***plans***. The environmental sector ***plan*** is still under preparation, and that the forestation targets may prove to be unrealistic especially in the context of significant expansion of ***agriculture***. Poor communication and uneven capacities across the different vice ministries may hamper the proper implementation of the proposed integrated approach, for which technical assistance will be needed. Given generally weak capacity at central Government level but especially at sub-national levels, low budget execution rates are common and present another significant risk. This can be the case especially for sanitation investments in rural areas, especially if ***programme*** 20 implementation follows a top-down approach. More effective ***programme*** and project decentralisation and awareness campaigns at local level on the use of adapted sanitation technology and involving local small-scale enterprises should be promoted. 4. Support Measures Measures to support or accompany the ***programming***, preparation or implementation of actions. Under the MIP 2014-2016, a Decision was adopted to allow for the provision of capacity building and technical assistance in the sectors where the EU works through Budget Support. The related Service Contract(s) are in process of being tendered and contracted. These resources are expected to be sufficient to cover the needs of the first few years of the MIP 2017-2020. An additional EUR 2 million is proposed under this MIP to allow support in the sectors where the EU is not working through Budget Support and to cover new needs that may emerge toward the end of the 2017-2020 period. Attachments 1. Country at a glance 2. Donor matrix 3. Sector ***intervention*** framework and performance indicators 4. Indicative timetable for commitment of funds 5. Joint European Strategy 21 Attachment 1. Country at a glance Population: 10.8 million (2015) Pop. growth rate: 1.6 % (2014 estimation) Urban population: 68 % (2015 estimation) Country rank: LMC Total area: 1 098 580 km² Selected Human Development Indicators HDI Value1 Life expectancy at birth (years) Under-five mortality rate (per 1000) Adult literacy rate (% ≥15 yrs) Expenditure on Health (GDP ratio) (%) 0.66 (2014) 71.3 (2015) 38 (2014) 96.8 (2015) 6.3 (2014)5 Income distribution (Gini)2 Moderate and Extreme Poverty (%) GII Value3 Human Rights Situation Corruption4 0.49 (2014) ↑ Moderate 43.3 (2012) Extreme 17.3 (2014) 0.44 (2014) Good formal basis for the exercise of human rights. BOL has ratified most international treaties. Women, indigenous peoples and justice are main concerns. 34 (2015) 1 HDI: Human Development Index — comparative measure of life expectancy, literacy, education, and standard of living. Position 113/189. 2 Gini index: measure of inequality — a value closer to 0 indicates higher equality 3 GII: Gender Inequality Index –inequality between women and men in: reproductive health, empowerment and the labour market; value closer to 0 indicates higher equality 4 CPI: perceived corruption among public officials and politicians — ranges from 0 (no corruption) to 100 (highly corrupt) — Transparency International, 2012. Position 99/168 5 Source: WB Selected Economic Indicators (2015) GDP (current, USD m) GDP per capita (USD) GDP growth (%) GDP by sector 34 493 3 194 4.8 ***Agriculture***: 4.4 % Mining: 2.7 % Natural gas: -1.3 % Manufacturing: 4.8 % Commerce:4.2 % Public Investment (USD m) Public Investment as % of GDP State Budget (USD m) 6 179 18 32 242 22 Net International Reserves (USD m) Overall fiscal balance Inflation (CPI, %) Transportation 5.4 % Services: 6.0 % Construction 6.9 % Electricity, gas and water 7.0 % 13 397 -6.9 % 2.95 Unemployment (%) External debt stock (USD bn) External debt stock (% of GDP) 3.5 (2014) 6.3 19.1 Source: MEPF, Central Bank, NSI Foreign Direct Investment (Gross inflows 2014, USD m): Total Inflow EU Gross FDI inflow 2.113 989 Main EU investors Sectors Spain (26 %), UK (22 %), France (10 %). 58 % of all FDI in 2014 Energy, Mining, Hydrocarbon and service sectors Sources: MRREE, MEPF (estimation) Trade Indicators (2015) BOLIVIA main trade partners EU-BOL trade value in 2015 1-Brazil Imports from EU: USD 1 168 million 2- US Exports to EU: USD 729 million 3- Argentina Trade balance: — USD 439 million 4- EU Imports from EU Exports to EU Industrial capital goods (27 %) Minerals (54 %) Others (73 %) ***Agricultural*** products (24 %) Manufactured goods and others (22 %) Source: IBCE Development Assistance Net ODA received (2014): USD 672 million Share of GDP: 2.2 % 23 Per capita: USD 63.6 Number of donors: 24 Top 3 donors: 1- EU 2- Spain 3- Germany EU Bilateral Cooperation 2014-2020: EUR 281 million (MIP 2014-2016 and MIP 2017-2020) Sources: OECD, EU, GoB 24 Attachment 2: Donor matrix ODA DISBURSEMENTS TO BOLIVIA (In million USD) Time Period 2008 2009 2010 2011 2012 2013 2014 Australia 0.03 0.01 0.55 0.21 0.15 Austria 0.25 0.27 0.3 0.25 0.29 0.18 0.25 Belgium 17.81 24.8 23.58 24.4 16.94 13.23 18.65 Canada 13.98 24.3 19.07 27.05 27.98 19.91 17.27 Denmark 26.47 28.11 41.41 39.91 29.2 19.48 29.19 EU 43.79 77.83 64.69 52.05 61.56 82.11 35.93 Finland 0.28 1 1.22 1.06 0.94 1.24 1.03 France 15.84 11.69 12.46 10.4 8.18 8.85 7.93 Germany 55.13 45.67 79.29 42.3 30.93 39.18 43.33 Ireland 1.21 1.13 0.8 1.25 0.4 0.71 0.26 Italy 9.9 8.95 5.92 11.09 2.53 2.66 5.9 Japan 37.46 32.47 54.62 39.08 20.42 13.78 14.93 Korea 5.23 1.84 1.66 1.89 5.64 6.76 17.21 Luxembourg 1.1 0.96 1.19 1.24 1.75 1.27 1.31 Netherlands 41.43 45.56 47.54 53.65 37.51 21.23 6.4 Norway 6.41 6.4 5.85 5.82 5.45 7.74 5.03 Spain 96.15 98.94 147.61 53.45 23.68 19.83 16.94 Sweden 27.56 29.63 27.73 35.45 32.53 38.13 29.44 Switzerland 12.55 19.77 19.41 29.71 35.01 31.62 35.38 United Kingdom 1.05 0.54 0.08 0.14 1.02 0.96 1.13 United States 123.82 101.12 86.11 59.69 50.88 26.63 34.75 IDM Sp. Fund 0 104.99 166.59 186 198.7 259.91 294.88 Nordic Dev. Fund 0 0.71 1.61 4.97 0 0 4.29 UN System 8.37 6.78 5.57 6.96 5.09 5.65 6.76 All Donors Total 627.87 725.25 715.19 721.58 658.4 700.0 671.84 Note: Totals extracted from [*http://stats.oecd.org/qwids*](http://stats.oecd.org/qwids)/ 25 Attachment 3. Sector ***intervention*** framework and performance indicators SECTOR 1: JUSTICE REFORM AND FIGHT AGAINST CORRUPTION Specific objective 1: contribute to strengthen the independence, impartiality, transparency and effectiveness of the justice sector. Expected Results Indicators Means of verification a) Pertinent and viable guidelines for a comprehensive justice reform (including short, medium and long term actions, credible budget allocations and smart indicators) are under execution. a1) Adoption of a comprehensive, pertinent and credible ***strategic*** document defining guidelines for the Justice Reform (including short, medium and long term actions). a2) Government expenditure in the justice sector (as a percentage of the National Budget). a3) Progress of Bolivia in the International Governance Indicators (Voice and Accountability, Regulatory Quality, Rule of law and control of corruption and others) a4) Existence of an institutional mechanism to monitor the implementation of the Justice Reform (Implementation Commission). Baseline and targets to be established during formulation process. Data source: UNCHR annual report on Bolivia, Ministries of Justice and Home Affaires data, Ombudsman data and civil society surveys b) Improved quality and effectiveness of the justice sector in the frame of the full respect of human rights. b1) Number of justice professionals (judges, prosecutors, policemen, investigators and others) that are recruited/nominated on the basis of objective and transparent criteria. b2) Number of pending cases per 100 inhabitants, per matter. b3) Clearance rate (number of resolved cases over the number of incoming cases). b4) Delays measured by length (in months) of the proceedings, per matter. b5) Development and implementation of new smart judicial and prosecution management models. b6) Availability of information about the judicial system for the general public. Baseline and targets to be established during formulation process. Data source: UNCHR annual report on Bolivia, Ministries of Justice and Home Affaires data, Judiciary and Prosecutor Office data, Ombudsman data and civil society surveys 26 Specific objective 2: to improve population access to justice services in order to facilitate the exercise of fundamental rights, with particular emphasis on vulnerable groups and victims of gender violence. c) Improved population access to justice services, especially for vulnerable groups. c1) National coverage of first level courts and comprehensive and free justice services (Plurinational Integral Service-SIJPLU), Plurinational System for Assistance to Victims-SEPDAVI), Plurinational System for Public legal Aid/Defense-SEPDEP and others). c2) Attention rate of legal assistance and other services, per matter(n. of people receiving assistance over n. of people seeking it). c3) Number of cases referred to alternative dispute resolution mechanisms through conciliation and national coverage. c4) National coverage of pilot mobile justice services. Baseline and targets to be established during formulation process. Data source: UNCHR annual report on Bolivia, Ministry of Justice data, data provided from a comprehensive mapping and diagnostic of justice services, other national institutions data, reports from mediation services and evaluation surveys from beneficiaries. d) Improved effectiveness of the gender based violence prevention services and of assistance and protection to victims. d1) Prevalence of girls and women who have experienced physical or sexual violence in the last 12 months (disaggregated by age). d2) Geographical coverage of assistance services for the victims of gender based violence. d3) % of victim-survivor of violence (physical, sexual, mental or others) including trafficking and forced labour who received assistance and rehabilitation services in the last 12 months. Baseline and targets to be established during formulation process. Data source: UNCHR annual report on Bolivia, Ministries of Justice and Home Affaires data, Ombudsman data and civil society surveys Specific objective 3: contribute to reduce corruption levels within the public administration by promoting transparent institutions and the implementation of policies for the prevention and fight against corruption. e) Integrated National Policies for prevention and transparency aiming at reducing corruption levels, under execution. e1) A national Law for access to public information adopted and implemented. e2) Creation, adoption and implementation of a comprehensive set of indicators on Transparency and Anticorruption in line with international standards. e3) Number and quality of accountability reports provided by State institutions. Baseline and targets to be established during formulation process. Data source: Ministries of 27 e4) On the basis of a mapping of risks in courts, prosecutors’ offices, police stations and other public entities, creation of a risk management system that would allow ***planning*** of anticorruption initiatives. Transparency and civil society surveys f) A comprehensive, pertinent and credible ***plan*** to fight against corruption and to recover assets within the public sector is under execution. f1) Number of cases referred for discipline or prosecution following investigation and number of referred cases resulting in the imposition of discipline or punishment. f2) Number of public servants who undergo verification of their revenues and goods declarations.13 f3) The Integrated Information system on Anti-corruption and Recuperation of Goods by the State (SIIARBE) is linked to the monitoring systems of judicial and prosecution proceedings. f4) Number of prosecutions aiming at assets/funds recovery ending in actual recovery. f5) Number of complaints for acts of corruption at national level. Baseline and targets to be established during formulation process. Data source: Ministries of Transparency, Judiciary and civil society surveys. SECTOR 2: FIGHT AGAINST ILLICIT DRUGS AND CONTROL OF SURPLUS COCA CULTIVATION Specific objective 1: contribute to the fight against illicit drugs and related crimes/offences (pillar 1 of the ELCN&CCEC) by strengthening operational capacities of involved public institutions, law enforcement and dialogue with civil society organisations and international actors in the framework of shared responsibility. Expected Results Indicators Means of verification a) Strengthening national efforts in the fight against drugs. a1) Quantity of seized drugs (cocaine and marihuana) confiscated and incinerated (Tn.). a2) Number of cocaine factories and laboratories destroyed. a3) Quantity of chemical Baseline: 22.34 Tn. of seized cocaine (2014), 21.28 Tn. of seized cocaine (2015) -Targets to be established during formulation process Baseline: 5.306 factories (2014), 4.234 factories (2015) dismantled Targets to be established during 13 Declaración Jurada de Bienes y Rentas. 28 substances and precursors seized and legal proceeding against companies and/or persons engaged in illegal trafficking of said substances. a4) Number of prosecutions of drug trafficking related crimes. formulation process Baseline: solid SSQQ 613.11 Tn. and liquid SSQQ 1.640.32 M3 (2014), solid SSQQ 579.13 Tn. and liquid SSQQ 1.053.52 M3 (2015) — Targets to be established during formulation process. Baseline and targets to be established during formulation process Data source: UNODC Annual Monitoring Reports and various national sources (including VDS-SC annual reports). Specific objective 2: to support the implementation of the demand reduction pillar of the ELCN&CCEC based on a solid regulatory framework and on a comprehensive approach covering prevention, rehabilitation and reinsertion issues. b) Drug consumption reduced among Bolivian population. b1) Prevalence of drug consumption within the general population. b2) Percentage of the population benefiting from prevention and rehabilitation ***programmes***. b3) Regulatory body for prevention, rehabilitation and reinsertion created and in full function. Targets to be established during formulation process. Baselines: Data of the ‘Estudio Nacional de Prevalencia y Caracteristicas del Consumo de Drogas en Hogare Bolivianos de nueve ciudades capitales de departamento y más la ciudad de El Alto’ (2013), National ***Plan*** for the Reduction of Drugs Consumption 2013-2017 Data source: Regional and national sources, Survey on Drug Use Prevalence in 10 capitals 2007. Studies about prevalence of drug consumption, S.C: CONALTID. 29 Specific objective 3: to support the National Strategy for Comprehensive Development with Coca (ENDIC 2016-2020) and the control of surplus cultivation of coca as foreseen by the ELCN&CCEC 2016-2020, for the stabilisation of coca cultivation and the strengthening of food security in ENDIC priority areas. c) Coca production stabilised and food insecurity reduced. c1) Surface (number of hectares) and or volume of coca production in the country. c2) Production volume of alternative crops in defined coca production areas. c3) Number of sustainable productive complexes created in areas of coca production according to the Economic and Social Development ***Plan*** 2016-2020. c4) Increased food security in defined areas of outward migration. c5) National Migration flows in defined areas of outward migration. Baseline: 20 200 ha (UNODC annual report 2015) Target: final level agreed with the government reflecting outcomes of EU-funded coca studies. Baseline: National ***Agricultural*** Survey 2014 — Precise targets to be established during formulation process. Baseline: 0 productive complexes in place — Target: 4 productive complexes in coca areas. Baseline: Vulnerability Analysis and Mapping study 2013 — Precise targets to be established during formulation process Baseline: National census in 2014 Precise targets to be established during formulation process Data source: UNODC annual reports, National ***Agricultural*** Survey subsequent years and ad-hoc annual surveys, Vulnerability Analysis and Mapping study 2017 (MDRyT, EU, WFP); National census in 2018. 30 SECTOR 3: WATER, SANITATION AND NATURAL RESOURCES MANAGEMENT Specific objective 1: to support the Bolivian sectoral ***plan*** to increase coverage of improved and sustainable sanitation facilities by 2020. Expected Results Indicators Means of verification a) Increased coverage rate of improved sanitation facilities. a1) Percentage of population, with access to improved sanitation facilities (MEW). a2) Percentage of population in small concentrated communities connected to sewage systems a3) Number of new –or expanded — small scale wastewater treatment plants in small concentrated communities a4) Number of schools with improved sanitation facilities and DESCOM provided to students on appropriate hygiene habits. a5) Number of sub-national level stakeholders (municipal and department-level government staff and EPSAs) provided with basic knowledge on adapted sanitation technologies and DESCOM that includes the relation between sanitation, hygiene and human health. Baseline 2014: 63 % urban and 42 % rural (Source MEW) Targets: 70 % urban and 60 % rural. All other baseline and targets to be established during formulation process 31 Specific objective 2: to improve sustainable management of natural resources, including forests, ensuring availability of quality water and the protection of critical ecosystems. b) Improved water governance and management of water-related risks. b1) Number of ***strategic*** water basins with integrated management ***plans*** under implementation (MEW — part of PNC indicator 1). b2) Number of sub-basins intervened with integrated natural resource management (MEW — part of indicator 2 of the National River Basin ***Plan*** (PNC). b3) Number of municipalities with coverage of Early Warning Systems integrated into the national system (MEW — PNC indicator 3.1). b4) Number of water bodies with water quality monitoring systems (MEW — PNC indicator 4). Baseline: 5 — Target: 14 Baseline andtarget to be confirmed through the adaptation of the National Watershed ***Programme*** Baseline: 38 municipalities in 4 departments — Target to be confirmed through the adaptation of the National Water Basin ***Programme*** Baseline: 8 water basins Data source: PNC Reports subsequent years 32 c) Improved integrated forest management, and protection and sustainable use of critical ecosystems. c1) Surface of forested area, in hectares (objective 6 result 2 of PDES and PNC indicator 3.2). c2) Surface of forested area at river sources, in hectares. c3) Number of key areas providing environmental functions monitored and with management (objective 4 result 4 and objective 7 target 3 of PDES). c4) Surface under integrated water resource management, integrated and sustainable management of forests, protected areas and biodiversity c5) Number of direct and indirect beneficiaries from new projects promoting the sustainable use of natural resources (objective 5 result 5 of PDES and contributing to DEVCO global indicator ‘# of projects/ enterprises with sustainable production practices for biodiversity use’). c6) Number of communication and sensitisation campaigns on the importance of environmental functions, integrated environmental management and key conservation areas. Target: 750 000 additional ha All other baseline and targets to be established during formulation process Data source: MEW Vice Ministry of Water Resources and Irrigation, Vice Ministry of Environment and SERNAP 33 Attachment 4. Indicative timetable for commitments (in EUR) Indicative Allocation 2017 2018 2019 2020 SECTOR 1 20 000 000 - Justice reform and fight against corruption 5 000 000 15 000 000 SECTOR 2 50 000 000 - Fight against illicit Drugs 30 000 000 - Integral Development/ Food Security 20 000 000 SECTOR 3 86 366 800 - Water and sanitation 35 000 000 - Natural resources management 51 366 800 Support Measures: 2 000 000 Measures to support or accompany the ***programming***, preparation or implementation of actions 2 000 000 Total Commitments 158 366 800 51 366 800 92 000 000 15 000 000

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**Body**

Brussels: Public Register European Parliament has issued the following document:

[1] EN This action is funded by the European Union ANNEX of the Commission Decision on the Special Measure for 'Addressing migration and forced displacement challenges in Asia and the Middle East: a comprehensive regional EU Response' Action Document for 'Addressing migration and forced displacement challenges in Asia and the Middle East: a comprehensive regional EU Response' INFORMATION FOR POTENTIAL GRANT APPLICANTS WORK ***PROGRAMME*** FOR GRANTS This document constitutes the work ***programme*** for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012) in the following sections concerning calls for proposals: 5.3.1 Grants. 1. Title/basic act/ CRIS number Addressing migration and forced displacement challenges in Asia and the Middle East: a comprehensive regional EU Response CRIS: ACA/2017/040575, ACA/2017/040576, ACA/2017/040577, ACA/2017/040578, ACA/2017/040580, MIGR/2017/040581, MIGR/2017/040582, MIGR/2017/040584 financed under Development Cooperation Instrument (DCI) 2. Zone benefiting from the action/location Islamic Republic of Afghanistan People's Republic of Bangladesh Islamic Republic of Iran Republic of Iraq Islamic Republic of Pakistan The activities will be carried out all over the countries, with a specific focus on regions of high migration / return / protracted forced displacement.

3. ***Programming*** document Regional ***Programme*** for Asia 2014-20201 (i.e Aid to Uprooted People ***programme*** – Afghanistan – 2017-2020, EUR 20 million); Special 1 C(2014) 6112 of 03.09.2014 and C(2014) 9382 of 11.12.2014 [2] measure for 'Addressing migration and forced displacement challenges in Asia: a comprehensive regional EU Response'2 (EUR 175.7 million) 4. Sector of concentration/ thematic area Migration, Forced displacement DEV. Aid: YES 5. Amounts concerned Total estimated cost: EUR 195.7 million Total amount of EU budget contribution: EUR 195.7 million, of which EUR 90 million are financed under the DCI Global Public Good and Challenges - Migration and Asylum budget line (21.020705), EUR 40 million under the DCI Cooperation with Asia budget line (21.020200) and the remaining EUR 65.7 million under the DCI Cooperation with Afghanistan budget line (21.020500). The contribution is for an amount of EUR 165.7 million from the general budget of the European Union for 2017 and for an amount of EUR 30 million from the general budget of the European Union for 2018, subject to the availability of appropriations following the adoption of the relevant budget. 6. Aid modality(ies) and implementation modality(ies) Project Modality Direct management: grants (calls for proposals in Afghanistan, Iran, Iraq) Indirect management with: Deutsche Gesellschaft für Internationale Zusammenarbeit – GIZ (Pakistan), International Centre for Migration Policy Development – ICMPD (multi-country), International Labour Organization – ILO (Bangladesh), International Organization for Migration – IOM (multi-country), United Nations Educational, Scientific and Cultural Organization – UNESCO (Afghanistan), United Nations High Commissioner for Refugees – UNHCR (multi-country), United Nations Human Settlements ***Programme*** – UN-HABITAT (Afghanistan), United Nations Children's Fund – UNICEF and World Health Organization – WHO (multi-country), United Nations Office on Drugs and Crime – UNODC (multi-country), World Bank – WB (Afghanistan) 7 a) DAC code(s) 13010 (Population policy and administrative management) for the capacity building and policy-making component; 11330 (Vocational training); 16020 (employment policy) for the component that relates to capacity building and job creation. b) Main Delivery Channel IOM, UNHCR and World Bank; others (e.g EU Member State agencies, ICMPD, ILO, Non-governmental organisations (NGOs), UNESCO, UN-HABITAT, UNICEF and WHO, UNODC, etc.) 2 C(2017) 6190 of 18.09.2017 [3] 8. Markers (from CRIS DAC form) General policy objective Not targeted Significant objective Main objective Participation development/good governance ☐ ☐ x Aid to environment x ☐ ☐ Gender equality (including Women In Development) ☐ x ☐ Trade Development x ☐ ☐ Reproductive, Maternal, New born and child health x ☐ ☐ RIO Convention markers Not targeted Significant objective Main objective Biological diversity x ☐ ☐ Combat desertification x ☐ ☐ Climate change mitigation x ☐ ☐ Climate change adaptation x ☐ ☐ 9. Global Public Goods and Challenges (GPGC) thematic flagships  Human development;  Migration and asylum 10. SDGs3 SDG target 10.7 SUMMARY Afghanistan, Bangladesh and Pakistan are listed as the EU's priority countries on migration with regard to origin and transit in Asia (Communication on establishing a new Partnership Framework with third countries under the European Agenda on Migration4 & HR/VP Federica Mogherini letter to all EU Ministers of Foreign Affairs (3 August 2016). Together with Iraq and Iran, these are also countries of great relevance to regionally address protracted forced displacement from a development perspective (Communication on Forced Displacement and Development5 and Foreign Affairs Council Conclusions6 (12 May 2016). Development responses to the root causes of irregular migration and protracted forced displacement in the region are central and essential to the goal of supporting countries to boost shared prosperity and resilience and promote stability and self-reliance – in line with the international commitment to reach first those who are furthest behind. 3 Sustainable Development Goals. 4 COM(2016) 385 of 07.06.2016 5 COM(2016) 234 of 26.04.2016 6 [*http://www.consilium.europa.eu/en/press/press-releases/2016/05/12/conclusions-on-afghanistan/*](http://www.consilium.europa.eu/en/press/press-releases/2016/05/12/conclusions-on-afghanistan/). [4] First and foremost solutions have to be found to tackle the drivers of forced displacement and curb the prospects of increasing irregular migration from these countries. To a great extent these two issues are interlinked, a key requirement for success being improved security and socio-economic conditions in hosting countries and countries of origin, which includes improved international protection, access to basic services (including education and health), realistic, decent and viable employment, livelihoods and income generation opportunities. Second, sustainable long-term solutions to facilitate orderly, safe and dignified returns and reintegration of forcibly displaced populations and irregular migrants to their countries of origin should be identified and implemented. However, where such return and reintegration is not directly feasible, forcibly displaced populations and their host communities should be assisted to foster local inclusion and social cohesion. As such, this action aims to address the short, medium and long-term challenges posed by protracted forced displacement and migration, in host, transit and countries of origin and tackle the need to develop sustainable solutions for the return, reintegration and inclusion of displaced populations in Afghanistan and neighbouring countries. The action foresees a series of multi-sector and multi-stakeholder measures focusing on policy dialogue and financial support for reintegration, international protection and local inclusion. The ***interventions*** will focus on enhanced access to services (including education and health); land allocation as a foundation for integration; livelihood support services for forcibly displaced populations returnees and host communities; strengthening of capacity of local authorities to deliver integrated services; technical and vocational education and training ( TVET)/skills development and job creation for forcibly displaced populations, returnees and host communities; financial assistance to the small and medium-sized enterprises (SMEs); improvement of migration and asylum management systems and policies; protection of migrants. The action is designed to strengthen the nexus between humanitarian and development assistance and thereby ensure a sustainable interplay between relief and development. By improving service delivery for the displaced and host communities and sharing of livelihood assets and conflict management mechanisms, inter-communal relations and development outcomes should improve. International partners such as UNHCR, IOM, UN-HABITAT, UNICEF and WHO, UNODC, ILO, ICMPD, World Bank, UNESCO, specialised NGOs and EU Member States agencies who have a presence in the field in the regions of high concentrations of forcibly displaced populations, areas of return and or in the border/transit areas represent an essential knowledge to build upon and will be the primary implementation partners for the action. [5] 1. CONTEXT 1.1 Regional context Forced displacement in Afghanistan and neighbouring countries (mainly Pakistan and Iran) represent a protracted caseload. According to UNHCR and IOM, 2.7 million documented Afghan refugees and up to 3 million undocumented Afghans remained in Pakistan and Iran in 20167. The continued conflict and insecurity in around half of Afghanistan hamper the smooth and sustainable return of Afghans to their country/region of origin. Around 6.5 million Afghan refugees voluntarily returned to Afghanistan since 2001 and in 2016, Afghanistan witnessed a sharp increase in returns – more than 1 million persons – of both documented and undocumented Afghan refugees, mainly from Pakistan. From Iran, a high number of returns were also witnessed, yet the movements appear to be more circular patterns of recently arrived persons. For 2017, it was estimated that around 1.7 million Afghans will be on the move, including due to conflict-induced internal forced displacement. This will create significant challenges for the Afghan government in managing the absorption and successful reintegration of returnees,. It could also generate significant humanitarian needs and expose the affected (vulnerable) population to radicalisation. Bangladesh is one the most overpopulated, climate-vulnerable and disaster-prone countries in the region, with a sizeable part of the population living and working abroad, estimated by IOM at 8.6 million people. As such, remittances from Bangladeshis working abroad constitute important revenue flows for the Government, about 11% of the gross domestic product (GDP). Despite high rates of economic growth and significant gains in poverty reduction, Bangladesh remains one of the poorest countries in the world. Poor rural households are particularly vulnerable to economic shocks and unemployment among youth is a significant challenge. In addition, large numbers of people have been internally displaced in Bangladesh due to natural disasters and conflict. Many of those affected resort to migration as a coping mechanism and the described push factors are likely to increase in the future. Bangladeshi nationals are now the second on the list of irregular migrant disembarkations in the Central Mediterranean route to Europe and their numbers are rising. Bangladesh is also experiencing increased socio-economic pressure from the continued influx of Rohingya refugees, due to the deteriorating situation across the border in the Rakhine State of Myanmar. At present, close to 32,000 officially recognised refugees and 300,000-500,000 undocumented Rohingya reside in Bangladesh. In Iran, documented and undocumented Afghans refugees have been hosted in large numbers for several decades. According to UNHCR, in May 2015, 951 142 Afghan refugees, 28 268 Iraqi refugees, 620 000 Afghans holders of Iranian visas and around 1.5-2 million undocumented Afghans resided in the country, with limited access to public services8. Access to basic services for Afghan refugees, specifically in health care and education, has recently improved for different categories of undocumented Afghans. The Iranian authorities have also recently conducted a civil documentation process for certain categories of undocumented 7 The reference to 'Afghan refugees' in this Action document includes both documented and undocumented Afghans, and recognises their differentiated vulnerabilities and needs. 8 According to UNHCR and 'Amayesh IX' statistics from the Government of Iran (May 2015). [6] Afghans, which is another positive step. At the same time, challenges remain in terms of access to services and as regards conditions of return to Afghanistan. In early 2017, according to IOM, 109 966 undocumented Afghans returned to Afghanistan. Ensuring dignified, safe return and adequate protection, especially of vulnerable groups, is therefore a priority. In Iraq, in early 2017, 3.1 million people were internally displaced, due to past and more recent conflicts, and 250,000 Syrian refugees resided in the country, due to the conflict in Syria. Since the advent of the Mosul operation in October 2016, the country has seen large waves of forced displacement from the areas of the military ***intervention***. At present, one third of the Iraqi population – 11 million people – is in need of humanitarian aid, yet only the most vulnerable 6.2 million receive international humanitarian assistance. The country saw a peak in emigration between 2014 and 2015. In 2016, patterns of returns, mainly from Europe, increased. Still, the increasing numbers of internally displaced persons (IDPs), coupled with delayed returns to liberated areas and the volatile political and economic situation further increase the risk of forced displacement and secondary movements, both within and outside Iraq. Pakistan is a country of origin, transit, and destination of migration flows, both regular and irregular, and plays an important role as a host country for refugees, especially from Afghanistan and Bangladesh. According to UNHCR and IOM, Pakistan is currently hosting around 1.5 million Afghan refugees and an estimated 1 million undocumented Afghans. Only in 2016, over 790,000 undocumented Afghans returned to their home country due to diverse push factors, including deteriorating protection space in Pakistan. The Pakistani government estimates that another 500,000 Afghans will return in 2017. Pakistan is also affected by internal forced displacement, with approx. 750,000 registered IDPs in Khyber Pakhtunkhwa (KPK) and Federally Administered Tribal Areas (FATA). Annually, around 1 million Pakistanis leave their country for overseas employment. Labour migration plays a significant role in the local economy and contributes greatly to poverty reduction. In 2016, remittances amounted to EUR 18 billion, representing around 7-8% of GDP. Legal channels for labour migration from Pakistan are limited to the six countries that are members of the Gulf Cooperation Council (GCC), where around 4 million Pakistanis are living. The lack of legal avenues to emigrate and the bureaucracy associated with migration contribute to irregular migration, trafficking and exploitation of workers during recruitment and employment overseas. The migrant smuggling market is reported to be rapidly expanding: Pakistan nationals are in the top 10 of encountered suspects linked to organised crime groups responsible for migrant smuggling into and within Europe. 1.1.1 Public Policy Assessment and EU Policy Framework The EU has an advanced policy framework for external relations and development cooperation on migration. The Agenda for Change9 recognises strengthening positive synergies between migration and development as a priority issue for external cooperation and the EU's Global Approach to Migration and Mobility10 underlines the importance of setting up mutually 9 COM(2011) 637 of 13.10.2011 10 COM(2011) 743 of 18.11.2011 [7] beneficial partnerships with non-EU countries, including migration and development as one of its four priority areas. The EU Policy Coherence for Development agenda11 furthermore recognises migration as a priority area where enhanced action is needed. The Communication on ‘Maximising the Development Impact of Migration’12 (2013) stressed the role of effective migration governance in maximising the positive and limiting the negative impacts of migration on development, and underlined the need for a broader and more ambitious approach in this area. The December 2014 Council conclusions on ‘Migration in EU Development Cooperation’13 further supported the inclusion of migration in the post-2015 agenda and called for greater ambition in the area of migration and development at EU level. The EU is fully committed to the Agenda 2030, specifically its aim to ‘leave no one behind’. Sustainable Development Goal 10, on reducing inequality, focuses on the need to facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of ***planned*** and well-managed policies. The Agenda also underlines the right of migrants to return to their country of citizenship, and recalls that States must ensure their returning nationals are duly received. At the UN level, the process towards the adoption of the Global Compact on Migration is ongoing and the discussions ahead of the Compacts will cover a range of issues, including addressing drivers of migration, sustainable development and (re)integration. The main objective of the European Agenda on Migration14 (2015) is to approach migration in a comprehensive way and to mainstream migration into all relevant policy areas, both internal and external. The Agenda defines immediate measures to prevent human tragedies and to reinforce mechanisms to deal with emergencies, as well as a new ***strategic*** approach to better manage migration in the medium- to long-term. It focuses on four pillars; 1) reducing the incentives for irregular migration; 2) saving lives and securing the external borders; 3) a strong common asylum policy; 4) a new policy on legal migration. The external aspects of migration are a cross-cutting issue in the Agenda and EU development cooperation will directly contribute to its implementation. In the Communication on establishing a new Partnership Framework with third countries (2016) - the European Union's comprehensive approach to address the challenges of irregular migration and its root causes as part of the broader cooperation with our partners under the European Agenda on Migration, Afghanistan, Bangladesh and Pakistan were identified as long-term priority countries for addressing migration and forced displacement in Asia. The EU is also committed to continuing support to Iran's efforts benefitting Afghan refugees inside Iran and to launch a joint EU-Iran comprehensive migration dialogue. All the concerned countries participate in the regional framework of dialogue and cooperation on migration-related issues, the ‘Budapest Process’15, involving 50 governments and 11 COM(2009) 458 of 15.09.2009 12 COM(2013) 292 of 21.05.2013 13   [*http://www.consilium.europa.eu/en/press/press-releases/2015/12/14/conclusions-external-assistance/*](http://www.consilium.europa.eu/en/press/press-releases/2015/12/14/conclusions-external-assistance/). 14 COM(2015) 240 of 13.05.2015 15 Together with the Rabat, Khartoum and Prague Process, the Budapest Process is one of the main informal migration dialogues as recognised with the EU's Global Approach on Migration and Mobility. [8] international organisations. The Budapest Process strives to implement the objectives and initiatives listed in the Istanbul Ministerial Declaration establishing the Silk Routes Partnership for Migration, adopted in April 2013. The EU Communication 'Lives in Dignity' and following Council Conclusions (2016) put forward a new development-oriented approach to address forced displacement through a multi-stakeholder approach aimed at fostering self-reliance and resilience. Support targets access to the labour market, integrated service-delivery and the capacity of local authorities to enable socio-economic inclusion of the displaced. The EU approach is fully in line with the Agenda 2030, the New York Declaration for Refugees and Migrants’ focus on investing in the resilience of refugees and their host communities and the piloting of the Comprehensive Refugee Response Framework (CRRF). Afghanistan To date, most of the Afghan Government and international community's efforts have gone towards targeting vulnerable Internally Displaced Persons (IDPs), refugees and returnees from neighbouring countries, in particular Pakistan and Iran. Positive steps have been made through the adoption of the National IDP Policy (2013) and the endorsement of the Solution Strategy for Afghan Refugees (2012) which was developed by the Governments of Afghanistan, Iran, Pakistan and UNHCR, providing the overall framework for Afghan refugees in the region. In December 2015, the Afghan Government adopted a national policy paper on migration proposing four priority areas / ***programmes***: (i) revitalising the civil service; (ii) housing development; (iii) expanding legal migrant labour, and (iv) increasing rural productivity and market integration. The policy has been linked to the 'Jobs for Peace' ***programme***, launched in the fall of 2015 by the Afghan Government in response to the worsening socio-economic conditions. In addition, the Ministry of Labour, Social Affairs, Martyrs & Disabled (MoLSAMD) drafted a new labour policy (2015) with a separate section on labour migration and is currently finalising a National Labour Migration Strategy (NLMS) to transform the largely informal and irregular migration movements into well-governed formal labour migration system based on international norms and on skills development linked to market needs. In December 2016, Afghanistan adopted a Policy Framework for Returnees and IDPs to address problems posed by massive numbers of returnees and IDPs. The framework identifies three stages for the sustainable integration of returnees and IDPs; (i) immediate humanitarian assistance, (ii) intermediate livelihood support and (iii) long-term integration measures, to address the socio-economic burden on host communities. It establishes a new policy coordination and governance structure for migration issues under the guidance of the Council of Ministers’ Sub-Committee on Migration Affairs, chaired by the Chief Executive. The Displacement and Return Executive Committee (DiREC) leads on and oversees the implementation of the policy framework, with representation from relevant government ministries and agencies, the IOM, UN and World Bank, and since February 2017 the EU Delegation. In February 2017, DiREC circulated an Action ***Plan*** Matrix for the implementation of the Migration Policy Framework which also guides this proposed action and has been endorsed by the Cabinet. It sets out eight implementation goals, which include registration of [9] new arrivals, improving access to services, land, housing and livelihoods, and full integration in host communities. It also provides a framework for the monitoring of and the strengthening of citizens’ awareness and community cohesion. Moreover, DiREC has decided to expand the Citizens’ Charter Afghanistan Project, designed to improve the delivery of core infrastructure and social services to all communities in Afghanistan, to regions of high return, thus bridging between humanitarian assistance and a longer-term livelihood ***programming*** in 2018. Afghanistan is in the process of ratifying the UN Protocols on trafficking and smuggling and a new law banning smuggling is in preparation and was published by the Ministry of Justice in January 2017, emphasising a commitment to strengthening the legislative framework designed to enhance protection for vulnerable migrants. In order to step up political cooperation on a number of issues of mutual concern, the EU and Afghanistan signed in October 2016 the ‘Joint Way Forward on migration issues’ (JWF). Moreover, migration will be a topic of discussion under the framework of the recently signed EU- Afghanistan Cooperation Agreement on Partnership and Development (CAPD). Migration is being considered as one of the EU's main objectives under its new Strategy for Afghanistan 2017-2020. The ongoing mid-term review of the multiannual indicative ***programme*** (MIP) 2014-202016 clearly recognises the link between security, development and migration, and proposes a combination of dedicated measures addressing the immediate needs of the migratory populations with measures to support sustainable (re)integration and address the root causes of irregular migration and forced displacement under the focal sectors. The proposed action will be an integral part of this approach. Aware of the importance of the Afghan refugees’ regional dimension, the EU is also actively pursuing a dialogue with relevant partners to identify and implement sustainable solutions for Afghan refugees in the region. Bangladesh The policy framework governing migration in Bangladesh has received significant attention from development partners over the past 10 years. Currently governing the migration space are the Prevention and Suppression of Human Trafficking Act (2012) and the Overseas Employment and Migrants Act (2013). While these instruments have been legally enacted, gaps remain in their implementation. There are growing political pressures on the state to take a more vigilant and effective role in ensuring the rights and well-being of its citizens abroad and to make the Prevention and Suppression of Human Trafficking Act more in line with international standards and to strengthen its implementation. The Government has established Counter Trafficking Committees (district to sub-district level). The Prevention and Suppression of Human Trafficking Act is being implemented: its Standard Operating Procedures (SOPs) are being developed by ILO in consultation with the Ministry of Home Affairs, and the guidelines for implementation have been recently cleared by the same Ministry. However, the core tribunal mentioned in the act has not yet been established, limiting the strength of the instrument. Further, its National ***Plan*** of Action adopted by the Ministry of Home Affairs requires further coordinated support from the relevant ministries. For the 16 C(2014) 7413 of 10.10.2014 [10] Overseas Employment and Migrants Act (2013) various rules, including the Recruiting Agent’s Conduct and License (2002), require the adoption and development of new legislation. Further work is required to ensure its effective implementation and tangible results in terms of curbing irregular migration. The EU-Bangladesh Migration dialogue was launched in the spring of 2016 and aims to enhance cooperation on all aspects of migration management, with a particular urgency on managing irregular migration and improving cooperation on return. Iran Following the Joint Comprehensive ***Plan*** of Action (JCPOA) (2015) between the E3/EU+3 and Iran which, once fully implemented, will ensure the exclusively peaceful nature of the Iranian nuclear ***programme*** and provide for the comprehensive lifting of all United Nations, EU, and United States nuclear-related sanctions, the EU and Iran have engaged in a number of sectors, including migration. This engagement refers to the Joint Statement (April 2016) by High Representative/Vice-President Mogherini and Foreign Minister Zarif, announcing the intention of both sides to develop a broad and comprehensive agenda for bilateral cooperation.17 The Iranian government has shown interest and commitment to engage in a number of migration-related issues in a wider sense, as part of a structured comprehensive migration dialogue. Generally speaking, the interest in migration issues among the government authorities is high and Afghan refugee matters are becoming the focus of a growing public discourse. The government of Iran introduced in 2010 the Comprehensive Regularization ***Plan*** (CRP) which allowed for a number of Afghans to obtain a visa for their stay in Iran. Iran is part of a quadripartite consultative process initiated in 2011 involving also the Islamic Republics of Afghanistan, Pakistan and UNHCR and linked to the Solutions Strategy (SSAR). Recent developments have shown a positive trend. Since a decree by the Supreme Leader stating that all children must attend school regardless of their documentation status (2015), 48 000 undocumented Afghans were able to register for formal education in Iran. Substantial number of Afghan children could be enrolled over the next years. 360 000 Afghan children are currently in Iranian high schools. In late 2015, the government announced a large-scale initiative to allow registered Afghan and Iraqi refugees to be included in the (Salamat) public health insurance scheme, based on an agreement between UNHCR, the Bureau for Aliens and Foreign Immigrants Affairs (BAFIA) of the Ministry of Interior, the Ministry of Health, and the Iran Health Insurance Organisation (Salamat). Iran has repeatedly reiterated that it does not intend to forcibly return Afghan refugees back to Afghanistan and in 2017. The government also asked some categories of undocumented Afghans to reach out to the authorities. UNHCR is in discussions with the government of Iran on their involvement with the CRRF– which could be supported by this action. At the same time, challenges remain as documented refugees have a limited ability to integrate economically, since only a limited number of jobs are accessible to them. Iran does not register new asylum seekers arriving from Afghanistan and the number of newly arrived asylum 17 Joint Statement of April 2016:   [*http://europa.eu/rapid/press-release\_STATEMENT-16-1441\_en.htm*](http://europa.eu/rapid/press-release_STATEMENT-16-1441_en.htm) [11] seekers which are returned is high. In addition, the protracted situation of undocumented refugees makes them particularly vulnerable. Iraq The Government of Iraq’s migration policies have mainly focused on responding to very specific internal forced displacement needs to ensure access to basic services and rights for displaced populations. A National Policy for Displacement along with a number of additional pieces of legislation partially addressing specific needs, such as housing and shelters, have been in place since late 2000. The Ministry of Migration and Displacement (MoMD) provides ad hoc support to IDPs and returnees by providing cash assistance and registration services to IDPs and ensuring coordination functions. An inter-ministerial High Committee on IDPs has been in place since June 2014. The Government works with the UN and the international community to develop ***programmes*** and structures to facilitate safe and voluntary returns for IDPs. Priorities include improving access to shelter, employment, and services in areas where Iraqis are returning home, in addition to removing and clearing explosive hazards and explosive contamination in areas liberated from the Islamic State. During the 2015 migration crisis, IOM, with EU funds, supported the Government in developing standard operating procedures for migration crisis response, aiming at enhancing the Government’s capacity to ***plan*** and coordinate the emergency responses on forced displacement and migration. Still, the current institutional response fails to address the complexity of the Iraqi situation, characterised by subsequent displacements and return movements, and by the most recent mass flows due to the advance of the Da’esh and subsequent Iraqi Security Forces military campaign. Some of the current policies only target specific categories or historical periods, such as the regulations on property disputes dealing only with the ‘‘Saddam era,’’ and the absence of a regulatory framework for (mainly Asian) foreign labour migrants present in the country. In addition, forced displacement and return crises in Iraq are closely intertwined with broader political and power struggles between the different ethnic and sectarian groups, making more difficult the set-up of an integrated policy approach. Looking towards stabilisation and new post-conflict challenges, the Government is now willing to expand the current limited policy angle and is currently drafting a National Strategy Action ***Plan*** on Migration. This ***plan*** will be looking at long, mid and short-term actions, also expanding on key migration aspects such as voluntary and involuntary returns and communication strategies for potential migrants and those who have already migrated. Helping Internally Displaced People, reintegration measures and assistance for returnees, migration management, fight against trafficking, smuggling, no

n–voluntary return and irregular migration of Iraqi youth with subsequent brain-drain, are key areas of interest. In May 2012, a Partnership and Cooperation Agreement was signed between the EU and Iraq, inter alia covering the joint management of migration flows and establishment of a comprehensive dialogue on all migration-related issues, including irregular migration. It is yet to enter into force subject to ratification by the EU. Following the outcome of the second EU-Iraq Cooperation Council, in October 2016, informal talks have started between the Iraqi authorities, the EU Delegation and the EU Member States representatives in Baghdad to [12] identify areas of possible cooperation on migration management and to define the terms of reference of a possible migration dialogue. In addition, EU services (DG DEVCO18, DG ECHO19, FPI20, and EEAS21) are currently developing an EU-Comprehensive Action ***Plan*** to address short-, medium- and long-term needs in a jointly analysed and ***planned*** manner followed by well-coordinated and conflict/post-conflict sensitive delivery in the field. The objective is to enhance complementarities between different funding instruments and build on each other's achievements, towards an overall higher impact and, ultimately, long-term peace, stability and prosperity in Iraq and the region. Particularly, building on the substantial humanitarian investment in-country, ensuring the stability of retaken areas, the restoration of basic services and livelihood are critical for the safe, voluntary and dignified return of those displaced and to reconstruct the social compact in Iraq. Pakistan Migration is an important issue for Pakistan and has a substantial impact on its economic development, and migration governance needs to be strengthened.The area of legal migration is better regulated, but lacks a comprehensive policy; the country is in the process of developing its labour migration policy. The flow of workers’ remittances to Pakistan has more than quadrupled in the last ten years and shows no sign of slowing down. Remittances are a key component of the Pakistan economy (about USD 20 billion per year - 2016), namely more than twice the flow of official development assistance (ODA). The participation of the Government of Pakistan at various international and regional fora, including the Bali, Budapest and Colombo Processes and the Abu Dhabi Dialogue, can be read as commitment to working on migration-related issues. The Government has also expressed interest in receiving support for migration issues, especially improved reintegration capacity. A National Policy of migration was drafted in 2013, but was never approved. Currently the Ministry of Overseas Pakistanis and Human Resource Development (OPHRD) started to revise the policy. As elections are to be held in 2018, it is uncertain whether this strategy will be approved by the current government. It is important to take into consideration that there is no policy or institution in charge of returning migrants. In view of trafficking of human beings and smuggling of migrants, Pakistan is signatory to the related international conventions, but has not signed the protocols. Pakistani law does not distinguish between trafficking and smuggling and irregular migration is a criminal offense. Currently two laws are at the level of the Senate to close the loophole and adapt the legal framework to international standards. A Readmission Agreement between the EU and Pakistan is in place since December 2010 but the number of irregular migrants being detected in the EU remains high. In July 2016, an EU 18 Directorate-General for International Cooperation and Development. 19 Directorate-General for European Civil Protection and Humanitarian Aid Operations. 20 Service Department for Foreign Policy Instruments. 21 European External Action Service. [13] Cooperation Platform on Migrant Smuggling was launched in Pakistan aiming at enhancing EU-Pakistan exchange of information and cooperation on migrant smuggling. Cooperation on law enforcement between Member States' authorities and those of Pakistan and Afghanistan has also been launched. The aim is to work together to better address migrant smuggling. The issue of migration will be central to the new ***Strategic*** Engagement ***Plan*** being developed between the EU and Pakistan, reflecting the importance of migration in the overall relation between the EU and Pakistan. At the Leaders’ Summit on Refugees (September 2016) Pakistan announced the intention to stand by the right established in its Constitution that foresees access to government schools for Afghan refugees. Actions aimed towards this include Balochistan’s incorporation of refugees into their provincial education ***plans***. Pakistan will also work with the Unites States (US), the EU, UNHCR and other potential donors to ensure that at least 29,000 additional refugee students are able to attend school in the coming year. In February 2017, the Federal Cabinet extended the validity of the Proof of Registration cards to some 1.3 million registered Afghan refugees until the end of 2017. It also pledged to document Afghan nationals who currently have no identification and committed to adopt a national refugee law and a visa regime for different categories of Afghan nationals. Commitments made by Pakistan at the Leader’s Summit on Refugees and recent moves by its Cabinet showcase a willingness to pursue voluntary return of Afghan refugees to their homeland in a dignified way. In line with its approach to forced displacement and development, the EU will support these developments by promoting – inter alia – the self-reliance and resilience of Afghan refugees and fostering a developmental approach to forced displacement in its policy dialogue with Pakistan, also with a view to decreasing the pressure on returns to Afghanistan, which faces massive internal forced displacement, on top of many other challenges. 1.1.2 Stakeholder analysis Afghanistan In Afghanistan following the regional migration crisis in 2016 the Displacement and Return Executive Committee (DiREC) was established to prepare and coordinate Government response. It prepared and adopted a policy framework and an action ***plan*** matrix. A costing exercise is currently underway. Presidential palace is involved and closely follows these issues. Line ministries dealing with refugees, returnees, IDPs and migrants include: the National Disaster Management Authority (immediate humanitarian ***intervention***), the Ministry of Refugees and Repatriations (coordinating role). The Ministry of Urban Development and Housing, the Ministry of Rural Rehabilitation and Development, the Independent Directorate of Local Governance, the Ministry of Labour and Social Affairs, Martyrs and Disabled, the Ministry of Education, the Ministry of Public Health, and the Ministry of ***Agriculture***, Irrigation and Livestock have service delivery roles and contribute to the implementation of National Priority ***Programmes*** (NPPs). Local authorities, including provincial directorates of the above-mentioned ministries, provincial and district governors, as well as municipalities have a key [14] role regarding implementation on the ground, particularly in areas with high levels of returnees and/or IDPs. Communities are considered key stakeholders. In the context of development in Afghanistan, Community Development Councils (CDCs) are considered as key instruments for the implementation of NPPs. Most of the time, communities host the returnees and IDPs, and therefore their inclusion in the ***planning*** and implementation is key. Overall, line ministries as well as the provincial and local authorities have limited resources and capacity to fulfil their mandates which is one reason why the international community is still needed to assist them in resolving the problems of uprooted peoples in the country. UN agencies such as UNHCR (which focuses on documented refugees/returnees), IOM (which deals with undocumented returnees), UNHABITAT (land allocation), UNICEF (children rights), WHO (health policies and services), UNESCO (social and cultural reintegration) and international NGOs such as Norwegian Refugee Council (NRC), Danish Refugee Council (DRC), Mercy Corps, International Rescue Committee (IRC), Aga Khan Development Network (AKDN), etc. (livelihood and vocational training) are providing support to the uprooted Afghans inside Afghanistan and in the neighbouring countries. ECHO is actively involved in providing humanitarian assistance to the recently displaced due to conflict or natural disaster. Bangladesh Migration management requires dedicated but shared responsibilities and commitment amongst the three ministries having competencies on migration issues, namely the Ministry of Foreign Affairs (MoFA), the Ministry of Home Affairs (MoHA) and the Ministry of Expatriate Welfare and Overseas Employment (MEWOE). While the MEWOE deals with the skills development, employment and welfare issues of migrants, the MoHA controls immigration issues. The MEWOE oversees the Bureau of Manpower, Employment, and Training (BMET), the government agency in charge of registering and clearing labour migrants for overseas employment and skills training. These ministries have a certain convening power, presence in the field, and capacity to influence other line ministries. However, the lack of information-sharing among the Ministries limits the effectiveness of law enforcement actions to reduce irregular migration. Bodies such as the Vigilance Task Force, ostensibly responsible for monitoring recruitment agencies, lack the capacity and authority to effectively act when faced with infringements or criminal activities. Many established Counter-Trafficking committees at district, Upazila and Union level are often non-functional. For the ***intervention*** to be carried out in a sustainable manner, there is a need for partnerships amongst private sector entities, NGOs, and the public sector. The private sector offers particular value in providing skills development, technical enterprise support, and employment and market linkages. The Community Based Organisations (CBOs) and Civil Society Organisations (CSOs) are indispensable for the implementation of the project at local level. [15] IOM has substantial experience in working with the Government on legal and institutional capacity building. ILO is active in the area of technical and vocational education and training to assist Bangladesh to reform TVET policies and systems so that more people, including returnees, can acquire employable skills and thus generate income through wage-earning jobs or self-employment. The Swiss Development Cooperation (donor) and ILO (implementing agency) are active in the field of migration governance with the project 'Promoting Decent Work through improved Migration Policy and its Application in Bangladesh'. The United States Agency for International Development (USAID) supports Bangladesh with the 'Counter Trafficking in Persons' ***programme*** in the areas of prevention, protection, prosecution and partnership. The Bangladesh Rural Advancement Committee (BRAC) is an NGO based in Bangladesh and active in many migration related areas across the country. Iran The main responsible governmental body dealing with refugee matters in Iran is the Bureau for Aliens and Foreign Immigrants Affairs (BAFIA) under the Ministry of Interior (MoI), which undertakes the periodic renewal of refugee residency cards (Amayesh cards) to access basic services, facilitates the issuance of work permits and determines the total refugee population in Iran. Other government bodies such as the Ministry of Education and Ministry of Labour are involved in the education and employment of refugees. The Immigration and Aliens Police is the responsible body for dealing with entrance, stay, employment and exit of foreign nationals in Iran. Under the authority of the MoI, the security police forces are responsible for combatting trafficking in human beings and migrant smuggling. The Institute for Political and International Studies (IPIS) is linked to the Iranian Foreign Ministry with the task of leading and encouraging the study and research on issues relevant to the foreign policy of the Islamic Republic of Iran and providing the Iranian foreign policy decision making establishment with analytical reports and policy papers. UN agencies such as UNHCR and UNICEF are active on the issues of Afghan refugees for registration, advocacy, protection and youth/minor's rights. International NGOs active in the field, the Norwegian Refugee Council, the Danish Refugee Council and Relief International, together with UNHCR, are indispensable as regards addressing status and living conditions of refugees in Iran. There are only a limited number of partners in Iran, and working with them would allow reaching the vast majority of refugees. Iraq In Iraq, the Ministry of Displacement and Migration (MoMD) is the main responsible body for all matters pertaining to refugees and displaced persons. It is also in charge for all policies and ***programmes*** related to non-Iraqi refugees residing in country and Iraqi returnees. The Kurdish Regional Government has its own government structures similar to the central government. Other line ministries and specialised institutions include: the Ministry of Interior, leader in law enforcement including border management and residency affairs; the Ministry of Labour and Social Affairs, in charge of social security and of work permits including regulation for Iraqis working abroad; the Ministry of Foreign Affairs, responsible for visa issuing, the wellbeing of [16] Iraqis abroad and of Iraq’s international treaties obligations; the Property Claims Commission, in charge of land and property disputes before 2003; and the Iraqi National Intelligence Service follows on illegal human trafficking and the status of foreigners inside Iraq. The Ministry of Justice, the Council of Ministers and the Council of Representatives have further key roles related to their legislative, executive and judiciary functions. In addition further institutions are involved as for the Kurdistan autonomous region, namely the Bureau of Displacement Migration within the Ministry of Interior, responsible for migrants and IDPs, and the Kurdistan Regional Governments Ministries of Justice, Interior and Labour and Social Affairs with similar functions as their corresponding Ministries at the federal level. Overall, line ministries as well as the provincial and local authorities have limited resources and capacity to fulfil their mandates. UN agencies in particular IOM and then UNDP, with the large stabilisation ***programmes*** devoted to the resettlement of displaced communities in the newly liberated areas from Da'esh, are key international actors providing support. Via the bilateral envelope the EU, through the Hijira Amina project run by IOM, has been funding support to the key line ministries and institutions in particular through dedicated training on migration management and tools to face the migration crisis in 2015. Given the high vulnerability of host communities and the underlying issues of social cohesion and sectarian violence in Iraq, communities are considered key stakeholders on forced displacement and migration and receive dedicated attention by the key stabilisation and early recovery response ***programmes***. Pakistan Labour migration is under the responsibility of the Ministry of Overseas Pakistanis and Human Resources Development (MOPHRD). The Ministry makes policies for employment promotion abroad and coordinates with provincial governments to align national labour laws with Pakistan’s international obligations on labour standards, but has limited oversight possibilities. The Protectorate of Immigration (POI) is the entity in charge of oversight of legal migration. Its tasks include the checking of visas, labour contracts and information for legal migrants. However, the office does not function fully and lack of valid documentation often leads to the deportation of migrant workers from the GCC countries. In Islamabad and Lahore two migration resource centres (MRC) have been established in 2016 with the mandate to disseminate information on legal migration possibilities. Neither at federal nor at provincial level is there any specialised entity for the management of the return of regular or irregular migrants that could provide information, assistance or referrals. The Overseas Pakistanis Foundation (OPF) started a dialogue with the Board of Investment and the Board of Revenue to establish an investment information centre to advise overseas Pakistanis in investments upon return in a vision to use the positive experiences and skills as well as the earnings abroad to develop the areas of return. [17] For the Afghan refugees, the institutions in charge are the Ministry of States and Frontier Regions (SAFRON), the Pakistani Chief Commissioner for Afghan Refugees (CCAR), and the National Database and Registration Authority (NADRA). All issues concerning refugees are being dealt with by the Ministry of Interior (MoI) and the Ministry of States and Frontier Regions (SAFRON). Under the authority of the MoI, the Federal Investigation Agency (FIA) has the main responsibility for immigration, trafficking and smuggling of migrants. The agency is understaffed and in need of capacity development. The MOI announced recently a ***plan*** to establish a separate Immigration agency, but it is uncertain whether this will be realised. Border management is challenging within Pakistan and in relation to the neighbouring states. Several security agencies (FIA, Frontier Corps (military), Frontier Constabulary, Rangers, police and customs) are operating without a coordinated approach, without communication, with serious lack of equipment and capacity to control the borders. Information exchanges between the two sides of the border are very scarce. In 2016, a trade agreement between Pakistan and Afghanistan foresaw the opening of two additional border crossing points. The more than 2500 km long border between Pakistan and Afghanistan is politically sensitive since Afghanistan has never recognised the Durand Line. It was recently closed (February 2017) following a brutal increase of terrorist attacks in Pakistan. 1.1.3 Priority areas for support/problem analysis Afghanistan Issues concerning Afghan refugees, returnees and IDPs are quite diverse but can be clustered in the following main categories which are interlinked and which cover the main concerned countries: Afghanistan, Pakistan, Iran and recently the EU. 1) As of December 2016, the Government estimated the number of internally displaced people in Afghanistan to be around 1.5 million individuals, a major part of which are in prolonged or even protracted situations. IDPs are mostly hosted by their extended family networks or close acquaintances; in some circumstances they have been compelled to settle in makeshift camps. The widespread poverty of the host communities, doubled with the strains of sharing limited resources with displaced groups, IDPs' limited access to basic services, precarious accommodation, and generally material and psychological hardship, continue to be the most important challenges for these segments of the population. For those providing support, the challenge is not so much to identify new IDPs, but to identify sufficiently early those who will become protracted IDPs. Over the last years, ECHO support has specifically focussed on the humanitarian needs of the IDP population particularly the newly displaced, and thus most vulnerable. 2) Quite similar, but slightly better than the situation of IDPs, Afghan returnees face difficulties in reintegrating in Afghanistan as they would also have limited access to basic social services and development opportunities. In Afghanistan, the living conditions are not favourable enough for a sustained return, and there is an increasing concern regarding possible reverse migration to the neighbouring countries and further afield. Studies show that the main [18] reasons causing difficulties to socio-economic reintegration are security concerns, the lack of land and housing and very limited livelihoods or jobs opportunities for returnees. The absence of proper documentation further limits access to services. Moreover, the poor urban infrastructure limits the absorption capacity. The Afghan institutions are not strong enough to deal properly with the land disputes and to prevent human rights abuses which are among the reasons for lack of integration. In addition, the limited capacity of the Government of Afghanistan to deliver basic services further worsens the opportunities for reintegration of returnees. For instance, the governmental Land Allocation Scheme (LAS), which has recently seen a number of improvements such as the adoption of an integrated approach or the setting up of a project implementation unit still needs continued support from the international community in order to be successful. 3) Afghan refugees in host countries remain vulnerable, especially because the political context in Pakistan is not favourable to them, and hardships persist also in Iran. A large number of Afghans living in the host countries remain in a vulnerable condition with regard to their health, education and legal situation. Afghanistan is therefore confronted with a double-faced challenge. On the one hand, sustainable, long-term solutions have to be identified to facilitate return and reintegration of its displaced population. On the other hand, solutions have to be found to tackle the root causes of forced displacement and curb the prospects of increasing irregular migration from Afghanistan. To a great extent these two issues are interlinked, a key requirement for success being improved security and economic conditions including realistic and viable employment, livelihoods and income generation opportunities. In brief: → Afghanistan has a weak reintegration capacity and a limited absorption capacity. Main recurrent problems for reintegration are: the rising insecurity and the economically precarious situation, especially in relation to difficulties in promoting jobs and the lack of social services. The Government has recently taken significant steps in shaping policy and actions in response to the crisis. These efforts need to be supported and any ***intervention*** should be aligned with Government priorities and ***programmes***. Given the magnitude of the forced displacements responses have to be comprehensive and nationwide. → A regional approach in support of Afghan refugees in Iran and Pakistan to sustain a predictable, dignified and well managed return and reintegration process needs to be enhanced. Improving international protection, enhancing employment and livelihood opportunities as well as integrated service delivery, and supporting host country national and local authorities, policy dialogue on developing enabling legal frameworks to enable self-reliance and resilience for forced displaced populations, as well as advocacy activities and cross-border activities should be envisaged. → The returns (whether voluntary or forced) are too concentrated in terms of both time (too short) and locations (mainly Kabul and Nangarhar). This has an impact on the increasing fragility and socio economic texture of the two main peri-urban areas of [19] return. The problem is exacerbated by the limited access to reliable information on the status of many returnees. → Adopting a community based approach, thus enlarging the number of beneficiaries to include members of the communities where the refugees/returnees and IDPs settle would be an effective means of ensuring sustainability. In this context, access to basic public services (transport, health, legal redress and education) and utilities (safe water, affordable electricity) as well as livelihood opportunities and jobs should be prioritised. → Lack of registration and lack of access to valid ID documents are also significant issues in Afghanistan. Without proper documentation, access to basic services and sustainable reintegration is under severe threat. → Land allocation and security of tenure: A key priority for sustainable reintegration is to improve the regulatory framework enabling land allocation and securing the legal title to land ownership, upgrading urban and peri-urban neighbourhoods and promoting affordable housing. → Specifically young migrants/refugees face a situation with very limited economic perspective upon return, competing among an estimated 400,000 new entrants into a saturated labour market each year. This exacerbates the risk of continued migration pressure as much as the risk of vulnerability to radicalisation. An additional challenge is represented by the endemic presence of polio in both Afghanistan and Pakistan. The key challenge for the full eradication of this disease in the two countries is accessing the remaining high-risk populations, i.e the people on the move along the Afghanistan-Pakistan border. The current volatile security situation in many areas limits access to children as much as supervision and monitoring, resulting in sub-optimal campaign quality. Under the given circumstances, access to these groups appears to be easier from the Afghan side than from Pakistan, where violent resistance to vaccination is a high risk. One possible solution is targeting immunisation campaigns for returnees, migrants and IDPs at the point of entry or registration in Afghanistan, or at the places of (temporary) settlement. The advantage of this approach is its relatively easy access, as current migrant streams are monitored and individuals register for ID and support by government and development partners. These populations are in general harder to reach through existing standard vaccination campaigns. This approach would, therefore, be complementary to existing routine activities already supported by the EU under the System Enhancement for Health Action in Transition (SEHAT) ***programme***. Bangladesh Bangladesh is the 8th most populous country in the world with a population of 166 million habitants of which around 45% (74 million) lie in the workforce category. A sizeable number of people in the workforce category have always been prone to looking for overseas employment due to the high rate of unemployment and underemployment, the inefficient social environment, poverty, land scarcity and low wages. The Bangladesh labour market can only provide about 200,000 new formal sector jobs, while there are about 1.8 million new labour market entries per year, which means that people have to seek employment outside of the [20] country. Migrant workers are classified into four categories: 1) Professional 2.21%; 2) Skilled 31.53%; 3) Semi-skilled 13.98% and 4) Less-skilled/unskilled 52.29%. This last category is the largest of the four, which explains why often migrants are unequipped with proper documentation and skills, and therefore led into vulnerable situations in the destination countries, and why they sometimes even initiate subsequent movements from the original destination country to other countries, becoming irregular migrants despite having started as regular migrants. Potential migrants and their communities, as well as the returnees who run the risk of falling back into a new cycle of irregular migration, need better awareness of the processes and strategies of safe migration. In particular they need to better understand the dangers of migrating through irregular channels, the benefits of using regular channels and the mechanisms and processes they need to utilise. To ensure ‘Safe Migration’ for Bangladeshis and more durable reintegration for migrants returning from Europe, it is necessary to strengthen the knowledge on the mechanisms that facilitate regular migration to ensure that migrant workers receive efficient, reliable and accessible migration information and avoid falling into irregular migration, exploitation and potential trafficking. Finally one of the most important contributions of migrants to their country is represented by their remittances, which amount to approximately 11% of the country’s GDP. Basic financial literacy is needed to ensure a better use of the remittances for the benefits not only of the returnees or the potential migrants, but also of their families and communities. Skills Development Bangladeshi returnees may face difficulties to reintegrate in their home country as living conditions may not be favourable enough for a sustained return or their skills may not be adapted to the local labour market. Lack of land and housing, limited livelihood and job opportunities and security concerns could result in returnees being re-exposed to the risk of irregular migration. Emphasis therefore needs to be placed on tackling the root causes of irregular migration and on focusing on skills development, through the scaling-up of specific actions that accompany both the short-term as well as the long-term economic and social reintegration of returnees. Skills development should be adapted to and focus on local labour market needs, but should also equip returnees and other prospective migrants with skills to obtain legal employment in countries that need labour. Awareness raising Awareness raising at community level on the rights and benefits of regular migration and the risks associated with irregular migration remains a cornerstone for ensuring that prospective migrants are fully equipped with the necessary knowledge, advice and access to services to reduce their vulnerability and exposure to exploitation. Remittances Remittances-related activities in the form of financial literacy training and services to the returnees and their family members can be provided to ensure a better use of the remittances for [21] the benefit not only of the returnees or the potential migrants but also of their families and communities. Iran Over the past three decades, the Islamic Republic of Iran has hosted one of the largest refugee populations in the world (today it is the fifth largest and the most protracted refugee population). Afghans began to seek refuge in Iran after the 1979 Soviet invasion of Afghanistan. The effects of war, insecurity, and the lack of economic opportunities in Afghanistan drive its citizens across the border. During the past two years, the Government of Iran has further opened the public health and education systems to refugees and also partly to undocumented migrants. Most refugees in Iran reside in urban areas, with only 3% living in settlements in rural areas. Resettlement is therefore an important durable solution for the Afghan refugee population although only a very small number of Afghan refugees in Iran have benefited from such a solution so far. Since 2002, UNHCR assisted the voluntary repatriation of approximately 920,000 Afghan refugees residing in Iran, with an increase in voluntary returns since 2011. In 2016, IOM reported the return of 420,293 undocumented Afghans. Approximately 10% of them are in need of humanitarian assistance. Ensuring dignified voluntary return and adequate protection, especially of vulnerable groups, is a priority. While Iran is a middle-income country, an estimated 22% of registered Afghan refugees live below the poverty line.22 While the EU is present in Iran through its support to humanitarian partners (EUR 15 million in 2016), Iran receives minimal financial support from the international community at large for its role as a host country to Afghan refugees. Due to its geographic position, Iran represents an important transit country and destination country of irregular migrants. The irregular migrants are notably from Afghanistan, but also Pakistan and Bangladesh. Iran has been facing an increasing number of Afghan refugees transiting to other destinations. Daily arrivals from Afghanistan are counted in the thousands. While for some refugees Iran is a country of destination, others will spend time in Iran before heading towards Turkey and Europe, however precise data on migration flows are insufficient. Iranian migration authorities estimate that between 800,000 and one million Afghans have arrived in Iran since the beginning of 2016 alone. Iranian authorities have also made attempts to address the problem of unaccompanied minors as well as human trafficking, while facilitating the settling down and stabilisation of Afghan migrants and refugees in the Iranian territory. At the same time, challenges remain in the context of border management, especially at the borders with Afghanistan and Pakistan. Accompanying measures to improve migration governance and to inform policy choices with relevant Ministries can be developed, including through targeted information sharing and exchange of experience ***programmes***, to ensure continued operationalisation of existing policies and to support the relevant areas, as needed, in the EU-Iran structured migration dialogue. 22 [*https://www.nrc.no/countries/middle-east/iran/*](https://www.nrc.no/countries/middle-east/iran/). [22] Iraq The precondition for migration management in Iraq is an understanding of the changing trends in such a dynamic context. The key elements for migration and forced displacement are the security concerns related, not only to the conflict, but also to political instability, lack of social justice, and economic factors, which are all directly related to the conflict and create a sense of hopelessness among the population. The impetus is on enhancing community stabilisation and revitalisation in order to facilitate the return and durable reintegration of IDPS and Iraqi returnees from Europe to their areas of origin, thus preventing further irregular migration. More in-depth analysis on the motivation, mode, methods and demographics of migration and migrants in Iraq and on their intentions and needs with regards to return and reintegration are necessary to tailor country specific activities. In brief, the following priorities need attention:  The high number of displaced and returnee population, which poses tremendous reintegration challenges, as many are in camps and some have returned to homes that have been destroyed or severely damaged, with little to no basic services and infrastructure; inconsistent security presence and limited economic/income generation opportunities. In this context, social tensions may turn into violence, not only as a result of competition over scarce resources, but also because of the perceptions that returnees and security forces hold of those who stayed behind as colluding with Da’esh, with ethnic and religious identities coming into play. Not only can this environment lead to internal conflict, but it also creates the conditions for further radicalisation, especially of disenfranchised youth, and fosters the push factors of irregular migration such as people smuggling, increasing the risk of human trafficking.  Irregular migration. Iraq has a long history of irregular migration to Europe and in 2015 saw a sharp increase of these flows. The number of negative asylum decision is steadily growing which impacts on the expected number of Iraqi nationals subject to return. Findings from a 2016 EU-funded IOM piece of research, exploring the dynamics of migration from Iraq to Europe revealed that the main reasons for migrating, or “push factors”, were an unstable security situation (both general and personal), and a lack of equality and social justice.  Poor socio-economic opportunities for reintegration of IDPs and returnees, who experience a significant decline in their standard of living as a consequence of their forced displacement. Employment opportunities are limited and 20-30% are working in the informal sector, further increasing income instability. Employment of IDPs previously working in some sectors, i.e ***agriculture***, is particularly challenging given the inaccessibility of large areas. Security, housing, financial resources and livelihoods are the most determining factors of intentions to return, and there is high borrowing from family and friends.  Lack of access to shelter, housing, land and property security contributes to the overall risks to social cohesion, justice, peace and stability in the return communities, and can generate further erosion of the public trust in the rule of law. There are currently gaps in [23] terms of the lack of timely and accurate information about housing, land and property rights; the lack of referral systems for individual and families to get adequate support in accessing their houses, land and property; geographic, political and cultural inconsistency of the application of community level dispute resolution mechanisms; and the lack of adequate institutional legal framework and mechanisms for compensation and restitution of housing, land and property rights. This is combined with the widespread extent of destruction and confiscation in all territories which were or are still controlled by Da’esh. These areas have seen, among others, the systematic destruction of property records of the displaced population, confiscation or loss of essential civil documentation and the illegal rental and sale of confiscated property areas. Property recovery policies will then become extremely necessary for the recovery of the country.  Lack of adequate capacity of governmental institutions to enable fast, efficient and sustainable management of migration crisis and integration of returnees. In specific, the Government needs further support in efficiently coordinating and delivering essential services to the newly displaced population; in leading the coordination response with key stakeholders; in collecting and analysing data informing rapid decision making; in developing short to long term policies and implementation guidelines that can be put in place rapidly. Pakistan Migration management Migration in Pakistan is a complex interlinked phenomenon that has to be addressed in a comprehensive way. Economic factors including poverty, lack of employment opportunities, and low wages are among the key reasons for migration. The rapidly growing population has led to excess supply of the workforce comprising illiterate persons, semi-skilled, skilled, educated, and even highly qualified professionals as compared to the domestic labour demand. Labour migration is an important coping mechanism and the improvement of migration management and protection of migrant workers should be further strengthened so that Pakistan and Pakistanis can fully benefit from the positive impact of migration. The negative side of regular migration is the corrupt process, the insufficient protection of migrant workers at home and abroad and the lack of efficient redressal systems for complaints. The Government of Pakistan lacks the capacity to offer comprehensive social welfare and protection systems and business development ***programmes*** that could benefit returning Pakistani migrants. As a consequence, ***interventions*** will focus on enhancing the capacity of national and provincial authorities, in particular in KP and Punjab provinces, for addressing migration and reintegration issues through the availability of an expanded evidence base for policy formulation. In the public sector, the Government of Pakistan, with support from international donors, has taken initiatives to promote access to livelihood opportunities such as technical and vocational training ***programmes*** and health outreach services. However, these ***programmes*** are not targeted or tailored towards lower and upper middle class Pakistanis, the class to which the returnees from Europe mostly belong. Similarly, private sector organisations focus on cash grants ***interventions*** rather than sustainable reintegration ***programmes***. Therefore, [24] there is a clear need to invest in increasing knowledge of migration dynamics and the needs of returnees to enable public and private institutions to develop and implement sustainable reintegration ***programmes*** that have a holistic focus on returning migrants and their communities. Via cooperation with chambers of commerce as well as with international companies with a presence both in Europe and Pakistan, Pakistani nationals with a return decision will be supported to reintegrate. Irregular migration On the other hand, irregular migration and particularly trafficking and smuggling of migrants is a growing phenomenon and is overshadowing the positive effects of migration. This is true for irregular migration to Europe as well to the GCC states. Institutional development and capacity building to strengthen border control, data collection, monitoring and analysis of irregular migration, smuggling of migrants and trafficking in human beings will be carried out. Reintegration Better use of the knowledge, skills and earnings of returnees, skills development to enhance employability and the provision of better opportunities is crucial not only for returnees' reintegration, but also for providing alternatives to irregular migration or migration in general. Youth should be particularly targeted as they represent a significant proportion of returning and potential migrants. Market-oriented training to equip returnees with skills that enhance their chances to obtain legal employment in countries and regions that need labour is a particular focus. Socio-economic problems, including the lack of livelihood opportunities and lack of access to accurate information, contribute to weak community resilience in key source communities. Building social resilience in key source communities of irregular migration in Punjab and KP Provinces is therefore a key priority area. Existing ***programmes***, such as TVET and microcredits, are an important ***intervention*** for the rural poor, but not targeted towards lower middle class Pakistanis who wish to earn more than the minimum to survive. Innovative approaches for lower middle class for both returning migrants and residents will be piloted. 2. RISKS AND ASSUMPTIONS Risks Risk level (H/M/L) Mitigating measures Lack of political will and commitment from the Governments to work on return and reintegration in the context of migration and development L-M EU is pursuing dialogue at all levels, combining different instruments. Discussions should be held on the way to proceed, including on whether or not to sequence the funding to the level of cooperation from the partner country Lack of political will and M EU is pursuing dialogue at all levels, [25] commitment from the targeted countries to work on socio-economic inclusion of forcibly displaced populations and their host communities combining its own instruments and ensuring alignment and complementarity with international processes (CRRF/GRC23 and Leaders’ Summit Commitments) and financing (World Bank IDA24-18, EU Member States) Structural changes at national and local government level, including regular turnover of staff M The EU and its implementing partners will ensure close cooperation with stakeholders, highlighting the importance of dedicated resources (financial and personal), and, if necessary, convene meetings at high-level to address any issue that may arise. Deterioration of security situation, political instability H Implementing partners work in coordination with law enforcement agencies and under guidance of the UN Department of Security and Safety. For political stability, a strong institutional collaboration with stakeholders at various levels of the three Governments will be maintained. Interest of and access to returnees and their communities to engage in monitoring and participation in reintegration and development-oriented initiatives L-M The issue will be addressed by working through local grassroots organisations that have strong relationships with communities and can contribute to community buy-in. Communities face lack of matching skills for labour market L-M Need assessments in communities and close coordination with provincial authorities will enable that a targeted diverse set of training/skill building initiatives are offered to key source communities. Assumptions  Political will to establish durable solutions for migration and forced displacement at multiple levels of government remains strong; including the political will to create an enabling policy environment.  National and provincial authorities continue to be committed to the promotion of sustainable reintegration, willing to engage in the implementation of the activities, and 23 Global Compact on Refugees. 24 International Development Association. [26] receptive to the recommendations provided.  Conditions for return do not further deteriorate and asylum space in host countries is preserved.  Hosting areas are willing to engage with ***programme*** activities  Conflict between host communities and new arrivals is not prohibitive; relations between different groups can be built through joint ***programmes*** and an area-based approach to development ***interventions***, and conflicts that do arise can be mitigated  Insecurity and instability do not prevent participation and smooth implementation of ***programme*** activities; access to implementation sites is not restricted to the extent where essential monitoring and evaluation activities are not possible  Local government authorities have adequate absorption capacity (including sufficient qualified and experienced staff) to benefit from participation in ***programme*** activities and ultimately take over ownership  (Afghanistan) Sufficient vacant state owned land in appropriate locations can be identified and acquired 3. LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES 3.1 Lessons learnt In the area of return and reintegration ***programmes*** funded by the EU Development policy the key lessons learned are identified in the 2015 Study on the Results and Impact of EU development cooperation-funded projects in the area of voluntary return and reintegration. One of the study´s findings was that it is necessary to provide comprehensive support across categories of migrants while paying attention to their particular needs and vulnerabilities, regardless of their status. Experience has shown that reintegration can be considered as sustainable when returnees are re-included in a group or a process, and when they fully participate in the social, cultural, economic and political life of their country of origin. The support therefore needs to address all dimensions of successful reintegration and take into account individual needs of the returnees beyond one-off assistance. At the same time, the support has to consider the wider impact of returnees on the communities of origin and return. Individual assistance has to be combined with more structural reforms addressing the underlying drivers of migration (and also be aligned with policy priorities of beneficiary countries) if it is to lead to broader and sustainable impact. In Afghanistan, there is a well-documented sense of failure amongst those who return. Reintegration is far more effective when there are face-saving community reintegration ***interventions*** to support returnees. In communities, this sense can easily turn to resentment if the returnee is seen to receive excessive individual assistance. To avoid this, and in order for communities to more easily embrace returnees, it is essential to also provide those communities with improved access to basic services, additional development and job-creation benefits in the context of accepting returnees. [27] Using local expertise and partners in community ***interventions*** not only increases local ownership, and thus the sustainability of the ***interventions***, but also enhances the capacities of local actors to establish and implement a structured system for reintegration support after the external assistance has ended. One of the major reasons for young people not being able to get a job is their lack of skills. Apprenticeships are an effective pathway to employment; however, apprenticeship systems often do not provide all of the skills that apprentices need as they are reliant on the existing skill levels of the master craftspeople. Apprenticeship alone is not sufficient and must be linked with structured vocational training systems. Skills development and employability has proved to be one of the most successful ***interventions*** for employment creation in many countries. This is crucial for returnees' reintegration but it is also crucial for providing alternatives to migration. Skills development has to be part of an integrated approach that includes labour market information, technical and entrepreneurship skills development, and with appropriate post-training support, including employment services, business management and financial services. In light of the activities for technical and vocational training and skills development established under the 2016 activities for Afghanistan, specific attention needs to be given to the employability of these skills. The proposed action should complement and reinforce the ongoing training ***programmes*** with a market oriented support to employment and self-employment generating measures. In Bangladesh, in the area of skills development, the ***programme*** builds on long-term EU support to the TVET reform process, notably through a previous ILO-implemented TVET reform project. It will directly work through the ongoing project Skills 21 (EUR 21 million, 2016-2020), which already includes a window for supporting the reintegration of some 1000 returnees. Moreover, the implementation of the projects promoting safe migration and local development in eight districts, funded by the EU and implemented by DanChurchAid – Terre des Hommes (2009-2013), provides good basis for awareness raising actions at grassroots level. Two main lessons were learned: enhancing awareness at the community level through adequate awareness campaigns, on the migration process, legal opportunities, rights and benefits of regular migration, as well as risks of irregular migration, have proven to be effective. Through the above mentioned projects the EU funded the establishment of a total of 23 local migration resource / information centres at a local level to make information on safe migration, as well as employment conditions, more easily available to communities and families. In communities empowered with reliable information and available services, migrants’ vulnerability to exploitation is reduced. These migration resource / information centres have been integrated in the overall migration governance of the country and are still operating and contributing to the promotion of legal migration. In Iran, lessons learnt from the ongoing Aid to Uprooted People (AUP) ***programme*** show that there is a strong demand for the continuation of ***interventions*** addressing protection issues of Afghan refugees in Iran. There is a need to improve provision of and access to basic services such as health and education and livelihood support. [28] The AUP ***programme*** improved the conditions of voluntary repatriation of Afghan refugees from Iran but showed that a long term development approach has to be provided in order to sustainably address this issue. In Iraq, lessons learnt from previous and ongoing ***intervention*** show that a careful assessment of the needs of IDPs and returnees is crucial to better understand their situation and ensure appropriate targeted and general responses. A theory of change that breaks down IDPs, returnees, refugees and vulnerable members of host communities is necessary to clearly reflect their different motivations and economic reasons for migration. There is a need to translate from the humanitarian and early recovery to long term stability and recovery. Understanding data and statistics, analysing the interface between ***programmes*** at community level and long term government accountability, transparency and responsiveness issues is a crucial aspect of the success of this action. In terms of direct assistance to returnees, specific lessons learnt from the EU Commission funded Magnet ***intervention*** (DG HOME25), show that individual assistance is not a sufficient incentive when it is related only to cash assistance, payment of vocation training and cash subsidies to employers. Key to success is a reintegration scheme that focuses on wider, community based schemes including job referral and in combining labour demand with labour offers though the strong participation of the private sector. In Pakistan, the project has been designed taking into account lessons learned from reintegration ***programmes*** implemented by IOM Pakistan. The ***programme*** will also take into account lessons from other ***programmes***, including the EU-funded 'Support to the Silk Routes Partnership for Migration under the Budapest Process' (implemented by ICMPD) and the ***programme*** 'Promoting the Effective Governance of Labour Migration from South Asia through Action on Labour Market Information, Protection during recruitment and Employment, Skills and Development Impact' (implemented by the International Labour Organization (ILO). Lessons learnt from the ongoing project Support to the Silk Routes Partnership for Migration under the Budapest Process and the Promoting effective governance of labour migration (ILO) show that: - Comprehensive policy on migration and the legal framework of migration is incomplete and improvements are needed; - Institutional development and capacity building of the government entities in charge of migration management at federal and provincial level has to be strengthened; - Migration governance is largely compartmentalised in the Silk Routes countries and further efforts are needed to put in place sustainable inter-ministerial/inter-agency coordination and cooperation mechanisms at national and at regional level; - Trust building through regular meetings, exchange of experience and information sharing, contacts and consultations is crucial in establishing a regional understanding of migration challenges and developing a regional response to address them; 25 Directorate-General for Migration and Home Affairs. [29] - To a certain extent, deficit of information and awareness among the general public and media as well as government stakeholders as regards migration and mobility and serious consequences of irregular migration can be addressed through Migration Information Centres and community outreach, as one of the tools; - Enhancing awareness at the community level on the migration process, legal opportunities of migration, skills training, rights of migrants, international protection and assistance mechanisms, and the risks and consequences of irregular migration proves to be effective in reducing migrants’ vulnerability to exploitation; - Regional and national law enforcement response is crucial in addressing irregular migratory flows in and from the Silk Routes region. Empirical evidence shows that – if the necessary enabling conditions are put in place – the forcibly displaced can make positive social and economic contributions to host communities in both camps and urban areas by expanding markets, importing new skills, and increasing demand for goods and services. The EU's approach to forced displacement and development was built on examples of better integrated, coherent development-oriented responses and a shift towards more holistic programmatic and regional ***interventions*** in forced displacement in EU ***programming*** such as the Regional Development and Protection ***Programme*** (RDDP) Middle East and the multi-donor public sector financial reform and management ***programme*** in Jordan, together with a small number of integrated projects such as those for refugees in Uganda and Pakistan. These projects not only seek to mitigate the costs and impacts of forced displacement by the Commission's humanitarian ***interventions***, but also to promote a more proactive and coherent development-led response. Since the adoption of the Communication, the developmental approach underpins ***programming*** to forced displacement done in Uganda (responding to the forced displacement crisis due to the conflict in South Sudan) with a view to supporting the CRRF process, Kenya, Niger, Northern Cameroon, the Lake Chad basin, Libya, Ukraine, Afghanistan and Pakistan. The approach underpins ***programming*** done in the context of the Facility for Refugees in Turkey26, the EU Regional Trust Fund in Response to the Syrian Crisis27 (Madad Fund) and the EU Trust Fund for Africa28, as well as the Regional Development and Protection Programmes29 (Middle East, Horn of Africa and North Africa). 3.2 Complementarity, synergy and donor coordination The Regional Indicative ***Programme*** Asia 2014-2020 includes the Aid to Uprooted People ***programme*** (EUR 25 million, committed in 2014). The main activities under the current Aid for Uprooted People ***programme*** include improving infrastructure of IDP settlements, empowering IDP through creating their governance structures, improving health, education, international protection, hygiene and increasing livelihood opportunities for Afghan refugees in Iran and Pakistan, provision of information, counselling and legal assistance to IDPs and returnees, provision of economic and employment opportunities for IDPs and returnees and improving 26   [*https://ec.europa.eu/neighbourhood-enlargement/news\_corner/migration\_en*](https://ec.europa.eu/neighbourhood-enlargement/news_corner/migration_en). 27   [*https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/countries/syria/madad\_en*](https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/countries/syria/madad_en). 28   [*https://ec.europa.eu/europeaid/regions/africa/eu-emergency-trust-fund-africa\_en*](https://ec.europa.eu/europeaid/regions/africa/eu-emergency-trust-fund-africa_en). 29   [*https://ec.europa.eu/home-affairs/what-we-do/policies/asylum/external-aspects\_en*](https://ec.europa.eu/home-affairs/what-we-do/policies/asylum/external-aspects_en). [30] access to education for IDPs and returnees in Afghanistan. This ***programme*** is already complementary with ECHO ***interventions*** with IDPs and returnees. The ***programme*** will complement the regional ***programme*** on Improving Reintegration of Returnees in Afghanistan, Bangladesh and Pakistan of EUR 91 960 500 that aims at supporting the sustainable reintegration of migrants returning to Afghanistan, Bangladesh and Pakistan. The Action will complement and support the relevant elements of and resulting from ongoing migration dialogues between the EU and Afghanistan, Pakistan, Bangladesh, Iran and Iraq.. Close coordination of the activities with the reintegration ***programmes*** by the EU Member States will be ensured. In this respect, the key instrument is the European Reintegration Network (ERIN). It is a joint return and reintegration ***programme*** involving several European partner states: the Netherlands (network leader), Austria, Belgium, Germany, Greece, Finland, France, Italy, Luxembourg, Norway, Romania, Spain, Sweden, Switzerland and the United Kingdom (UK). Participation is open to all EU Member States and the Commission has actively encouraged them and all Schengen-associated states to join. At regional level, Afghanistan, Bangladesh, Pakistan, Iran and Iraq are part of the Budapest process. Complementarity and synergy will be ensured with the EU-funded ***programme*** 'Support to the Silk Routes Partnership for Migration under the Budapest Process' (ICMPD), which finances a facility for short and long term technical assistance and flagship initiatives on issues like the protection of migrant workers and the establishment of migration information centres. Cooperation on law enforcement between Member States' authorities and those of Pakistan and Afghanistan has also been launched. The aim is to work together to better address migrant smuggling. Afghanistan At the Brussels Conference on Afghanistan (5 October 2016), the Government of Afghanistan presented its Afghanistan National Peace and Development Framework (ANPDF) to which a set of 10 National Priority ***Programmes*** (NPPs) is linked. Of particular importance in the context of migration are the 'Citizens Charter' (a compact between government and citizens for the provision of basic social services particularly, but not only, in rural areas), the Urban Development ***Programme*** (under preparation), the Human Capital Development ***Programme*** (under preparation) and the NPP for Women's Economic Empowerment. On 16 December 2016 the EC adopted the Decision on ''Improving reintegration of returnees in Afghanistan, Bangladesh and Pakistan'' which foresees a substantial financial allocation for Afghanistan (EUR 78 million). This package includes three components: i) Supporting individual returnees and communities in areas of high migration/return to achieve sustainable reintegration; ii) Incentivising Government efforts in key areas linked to migration and reintegration, and; iii) Promoting skills development/TVET and employability as a deterrent for irregular migration. The 'Incentive Package' for the Government of Afghanistan will be disbursed through WB/ Afghanistan Reconstruction Trust Fund (ARTF) upon the achievement of jointly agreed benchmarks which will align with the Government Policy Framework and Action ***Plan*** Matrix. A national Steering Committee will coordinate the abovementioned action. [31] This proposed action will fully complement and enlarge this existing ***intervention***. Close cooperation with the Government and with partner organisation including UN agencies will be reinforced. The EU's overall assistance already comprehensively addresses certain root causes of irregular migration and there are specific national ***programmes*** addressing migration-related issues and job-creation. The EU 'FARM' programme30 of EUR 102 million implemented by GIZ and the World Bank as well as the 'Panj-Amu ***programme***' of EUR 45 million implemented by the ADB support added value chains, ***agricultural*** development and improved access to sustainable irrigation increasing jobs in rural areas. The 'Jobs for Peace' ***programme***, launched in autumn 2015, aims at creating short-term employment that should contribute to a reduction of out-flow migrants. The EU committed EUR 30 million to this ***programme*** under the annual action ***programme*** (AAP) 201631 to create jobs in rural areas and to contribute to improved infrastructure. This will reinforce the component on prevention of irregular migration. An action financed by the Instrument contributing to Stability and Peace (IcSP – EUR 8 million) is seeking to provide temporary job opportunities in anticipation of the implementation of more structural reforms that were launched in 2017. Complementarities and synergies will be fostered with the new 'STRIVE' action in Afghanistan (STRIVE for development – strengthening resilience to violence and extremism) being launched by the Instrument contributing to Stability and Peace (IcSP). The aim of the Action is to support local state and non-state partners to develop and implement ***interventions*** that have a demonstrable impact on the threat posed by radicalisation and recruitment to terrorism. The specific objective is to develop best practices to implement and monitor ***programmes*** that have demonstrable impact on strengthening resilience against extremism and violence among returnees including women and their communities in selected areas of Afghanistan. Bangladesh The action in support of returnees will be conceived as a scaling-up of two actions: (1) For skills development, this action will reinforce the activities foreseen for returning migrants under the Skills 21 ***programme*** (AAP 2015)32, where specific units specialised in migration-related matters will be established in selected TVET training centres; (2) For awareness-raising campaigns at the grassroots level and for the financial literacy training and services for a better use of the remittances, this action will complement the 2016 Special Measure33 whose implementation started in 2017 (implemented by IOM/BRAC) and the Safe Migration Awareness Raising ***Programme*** financed by the EU (DG HOME) through the EURCAP (Capacity Building for Return Management) implemented by IOM. 30 Support to ***Agriculture*** and Rural Development in Afghanistan; C(2014) 9099 of 03.12.2014 and C(2015) 9115 of 08.12.2015 31 C(2016) 5716 of 05.09.2016 32 C(2015) 9336 of 14.12.2015 33 C(2016) 8433 of 16.12.2016 [32] Complementarities and synergies will be ensured with projects under the Bangladesh-EU MIP 2014-202034 priority sectors, in order to address the root causes of economic migration, notably the resilient livelihoods ***programme*** (AAP 2016), where the emphasis is placed on offering alternative sources of livelihoods. A specific component within the resilience ***programme*** implemented by GIZ addresses the specific needs of returnees from the EU in terms of skills, jobs and value chains development, linking with formal and informal SMEs and promoting access to social services in urban contexts. Complementarity will be ensured with the other actions under the 2016 Special Measure which focuses on migration management services, the social reintegration of returnees and the referral to the economic reintegration activities. Complementarity will be ensured with the projects implemented by IOM and ILO on Enhanced Skills Development & Qualification recognition of labour migrants from Bangladesh, aiming at building the employability of Bangladeshi migrant workers and improving their job opportunities through enhanced skills and recognised qualifications, and with the ILO – the Swiss development cooperation ***programme*** on Promoting Decent Work through improved Migration Policy and its Application in Bangladesh. Complementarity will be ensured also with BRAC's migration ***programmes*** including the one on capacity building strengthening of government, media and partners, and on policy advocacy – mainly – during the Libya crisis (project financed by UN Women – ILO – Japan International Cooperation Agency – UK Aid). In 2016, in the run-up for the Global Forum on Migration and Development held in Dhaka in December, a new informal Migration Working Group was created among the donor community, which expects to be – but has yet not been – formalised within the Local Consultative Group donor coordination mechanism. Donors have so far met 3 times to discuss and exchange information on migration related issues have only recently decided to work on multiple mapping exercises: 1) on on-going and ***planned*** ***programmes*** on migration, 2) on the different contribution/activities on the follow up to the Global Forum on Migration and Development (GFMD) and to the contributions to the Global Compacts. Iran The action will complement activities implemented under the Aid to Uprooted People ***programme***. In Iran, access to refugees and providing them with durable solutions has recently improved. This could allow creating synergies in areas such as health, education and livelihoods, school attendance of refugee children and self-reliance and livelihoods of the beneficiary population. Synergies with ECHO funded ***interventions*** is ensured by focussing on medium- and long-term funding to address the needs of refugees in areas such as education, health and social services, while ECHO will continue covering the humanitarian needs of refugees where appropriate. Until 2015, ECHO partners working with Afghan refugees were only NRC and UNHCR, who concentrated their assistance mainly on vulnerable documented refugees. Since 2016, the 34 C(2014) 5718 of 18.08.2014 [33] number of partners has increased and assistance is progressively being targeted towards undocumented Afghans. The main sectors of ***intervention*** are health, protection, education, food security, shelter, advocacy, coordination, and WASH35, which is in line with the proposed activities of this action. Iraq EU bilateral cooperation in Iraq focuses on humanitarian assistance, stabilisation, national reconciliation, economic reforms, and the support to education and vocational training. A reinforced diplomatic engagement and attention to qualitative and quantitative information on migration causes and patterns are part of a more ***strategic*** approach to migration pursued in past years. This action on migration follows on the legacy of the EU funded initiative by the Hijira Amina (‘‘safe migration’’ in Arabic), a project implemented by IOM between 2013 and end 2016. The project has provided technical support and capacity development to the Federal Government of Iraq and the Kurdistan Regional Government (KRG) ministries, including provincial authorities with migration functions, in establishing adequate migration procedures and has responded to the urgent protection needs of IDPs, returnees, refugees and other migrants in Iraq. While conceived to provide dedicated policy support to Government, the project’s long term vision has been affected by the escalating of violence, insecurity, forced displacement and immigration which has occurred since 2014, and so has then dealt on specific emergency issues on migration management caused by the changing context. The project has ***produced*** some pieces of research identifying underlying causes, key gaps and recommendation for future ***intervention*** on migration in Iraq, which now needs to be implemented. EU funding, channelled through ECHO, the Madad Trust Fund and the Instrument contributing to Stability and Peace (IcSP), is already addressing, within the remits of each specific instrument mandate, part of the challenges linked to forced displacement, social cohesion, return and conflict resolution in local communities hosting IDPs and returnees. In specific, IcSP funding (implemented by IOM) is supporting the ongoing stabilisation efforts in Iraq by helping to reduce tensions between IDPs and host community members. In the past years DG HOME has supported the IOM's ***programme*** 'MAGNET' , which is linked to the assisted voluntary return and reintegration ***programmes*** of four European countries, providing job placement opportunities for rejected asylum seekers and irregular migrants returned from Austria, Belgium, France and the Netherlands. The project created and delivered innovative services involving the identification of possible vacancies in the private sector and linking beneficiary profiles to these job offers, so as to improve the attractiveness and the sustainability of reintegration. Pakistan EU-Pakistan relations are moulded into a 5-year Engagement ***Plan*** (2012-2017). The purpose of the Engagement ***Plan*** is to upgrade the relationship, improve EU coordination in Pakistan and expand relations to include a full range of issues including migration. The last chapter of the 35 Water, sanitation and hygiene. [34] Engagement ***Plan*** on sectoral cooperation calls for cooperation on migration issues. A new Engagement ***Plan*** is currently being discussed. Complementarity and synergy exists with the Pakistan-EU MIP Bilateral Development Cooperation for the period 2014-202036 (EUR 653 million), which is comprised of Rural Development (EUR 340 million), Education including TVET and Human Resource Development (EUR 210 million), as well as Good Governance (EUR 97 million). These focal sectors are addressing certain root causes of migration. Possible complementarities and synergies will be also sought with other technical education and vocational training ***programmes***, social welfare ***programmes*** and micro-credit schemes of other actors including the UK Department for International Development (DFID) Skill Development Fund in Punjab and other governments and donors' ***programmes*** in Khyber Pakhtunkhwa. The ***programme*** is also developed based on findings of an ongoing assessment of service provision for returning migrants from Europe, being carried out under the EU funded “Monitor” project. The system aims to provide an increased understanding of the situation of returnees and provide a monitoring and evaluation mechanism to ascertain their needs. The project will ensure continuity and complementarity with EU-funded initiatives like: (i) Regional ***Programme*** 'Promoting the Effective Governance of Labour Migration from South Asia through Action on Labour Market Information, Protection during recruitment and Employment, Skills and Development Impact' (SALM), which includes two already established Migration Resource Centres (ILO & ICMPD jointly) and ended in September 2016; (ii) EU- ILO project on Fair recruitment process; (iii) the project “Fight against Trafficking in Human Beings - Phase 2” (THB/IFS/2) contributing to the prevention of and fight against transnational organised crime, particularly in relation to trafficking in human beings (THB), implemented by ICMPD; (iv) the Global Action against Trafficking in Persons and the Smuggling of Migrants (GloAct) project aiming at assisting selected countries in developing and implementing comprehensive national counter-trafficking and counter-smuggling responses and focusing on prevention and protection (implemented in Pakistan by UNODC). Coordination and policy dialogue on Afghan Refugees is eased by regular meetings of the Friends of Sustainable Solutions for Afghan Refugees (FOSSAR) gathering all concerned Government stakeholders with the key donors involved. 3.3 Cross-cutting issues Cross-cutting issues, such as gender, human rights and good governance, will be carefully considered and taken into account throughout the implementation process. Given the fact that women make up close to 50% of migrants worldwide, and their vulnerability in the migration process is particularly serious, careful attention will be put on addressing their needs. The action will also address female poverty by ensuring that the 36 C(2014) 5599 of 11.08.2014 [35] proportion of those receiving services and their access to livelihood activities is in line with the proportion of female refugees/IDPs/returnees. The different roles of women and men in community-based ***interventions***, reintegration processes, livelihoods and development ***programmes*** are important to recognise, thus ensuring their inclusive and equitable participation in decision-making processes and project implementation. Monitoring, including through disaggregated data, will be key in this ***programme***. In addition, the project will address gender-specific needs through efforts to reach female community members through multiple ***interventions***. Social resilience activities will include fostering dialogue between men and women to foster the agency of both and contribute towards gender equality. Similarly, disaggregated data throughout the ***programme*** cycle (i.e baseline and results) will help make clear to what extent the ***programme*** benefits women and men according to their needs. Given the nature of the action, the protection of human rights and due processes will be an integral part of the activities carried out. Protection of human rights for the different categories of 'people on the move' and specifically for vulnerable categories, such as children, unaccompanied minors, disabled persons, victims of trafficking or smuggling and rejected asylum seekers will need to be specifically considered. Human rights issues will be an important topic of discussion between the EU and the partner countries. The proposed action will particularly need to be reflective of the fact that a large part of the Afghan refugee and migrant population, specifically returnees from Iran but also returnees from Pakistan and Europe, are young people, often minors. This segment of the target group for the proposed action is particularly vulnerable in the migration process but also susceptible to abuse, exploitation and radicalisation, especially if confronted with a lack of social and economic perspectives and a deep sense of personal failure upon return. In terms of good governance, the proposed action recognises the comprehensive approach required to address socio-economic inclusion of forcibly displaced persons in their host or return communities. As such, the action will be supported by policy dialogue with partner countries and relevant stakeholders, aimed at improving the legal and socio-economic situation of refugees and IDPs in their host or return communities. Sustainability and empowerment are core cross-cutting issues that are promoted throughout the community-based ***interventions***, which ensure inclusive participation from the initial phase of identifying priorities and needs throughout the project design, implementation and monitoring phases. Finally, as concerns Afghanistan, the high numbers of return in certain areas increase pressure on natural resources (e.g water and fuelwood). A managed approach to land allocation, with impact studies, will avoid installing returnees in regions with insufficient water, preventing future conflicts with the host communities. [36] 4. DESCRIPTION OF THE ACTION 4.1 Objectives Overall objective In line with the commitments undertaken by the Commission in the European Agenda on Migration and within the framework of the Sustainable Agenda 2030, the action primarily contributes to the progressive achievement of Goal 10.7 (SDG target 10), to facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of ***planned*** and well-managed policies. Limiting the negative effects of forced displacement is a central part of ensuring safe, orderly and regular migration and mobility and maximising its positive aspects, notably contributions of the displaced to their host communities, will improve development outcomes in host regions. Specific objective(s) The aim of the ***programme*** is to: (i) enhance the resilience and self-reliance of the forcibly displaced, the returnees and their host / return communities in a way that they may live together peacefully, have access to social services and develop economic ties to build sustainable livelihoods and thus foster social cohesion and stability, (ii) ensure that those who intend to migrate or return will be equipped with the necessary information, resources, skills and knowledge to achieve a decent standard of living and contribute to the long-term development of their communities, (iii) ensure the protection of IDPs, returnees, refugees and vulnerable migrants, and victims of smuggling or human trafficking; (iv) improve the national migration management systems, policies and their implementation; (v) improve basic financial knowledge for a better and broader use of the remittances to the advantage of the communities (Bangladesh), and; (vi) support the relevant elements of and resulting from ongoing migration dialogues between the EU and Afghanistan, Pakistan, Bangladesh, Iran and Iraq. Target groups Actions under this measure will target all categories of 'people on the move', including refugees and IDPs who are assisted in voluntary repatriation as a durable solution or assisted in their host country through socio-economic inclusion to foster resilience and self-reliance; returning migrants (irregular migrants or failed asylum seekers who are returned as part of the immigration policy of receiving states); labour migrants; other categories or specific vulnerable groups in need of international protection (especially minors and women), as well as of return and reintegration assistance. Responses will be articulated taking into account context specificity, different types of returnee/refugee/IDP profiles and associated needs and aspirations, as well as specific vulnerabilities and capacities. The action will also target host/return communities and communities of high out-migration to favour social cohesion and promote stability in areas of high return/forced displacement. Communities will benefit from community-based projects leading to improved service delivery, sustainable livelihood opportunities, governance, stability, and cohesion. Community members will benefit from increased options/opportunities to stay in their community rather than migrate irregularly. [37] This action will provide support and capacity building to government authorities at national and local levels in origin/transit/destination countries who will benefit from improved capacities and expertise as well as strengthened cooperation networks to address migration, socio-economic inclusion of forcibly displaced populations and reintegration. Civil society organisations and social partners in both transit/destination and origin countries will benefit from improved capacities and strengthened cooperation networks among stakeholders engaged in migration management, including reintegration, and forced displacement. 4.2 Expected results 1. The resilience and self-reliance of returnees, refugees, IDPs and their host/return communities is strengthened through improved access to integrated service-delivery (including health, education and other services), and economic opportunities, including land tenure, housing and property rights, livelihood services and labour market access; 2. Returning migrants, refugees, IDPs and their host/return communities receive appropriate support to actively participate in the local economy; 3. The capacities of the different target groups are strengthened and sustainable employment opportunities for returnees, refugees, IDPs and their host/return communities are created and, where needed, legal frameworks are developed to ensure safe and dignified labour market access and prevent exploitation; 4. Human rights protection is enhanced for the different categories of 'people on the move' and their host/return communities; 5. The strategy of integrated service delivery and economic opportunities for the forcibly displaced and their host communities is included in national development ***plans***. The capacities of national and local authorities in targeted countries are strengthened to provide access for forcibly displaced populations to integrated service-delivery and economic opportunities; 6. The capacities of national and local authorities in the targeted countries are strengthened to ***plan***, manage and implement sustainable migration policies related to all areas of migration management at both central and local level, including reintegration of returnees. The expected areas of migration management could include in particular: trafficking in human beings and smuggling of migrants, integrated border management, awareness raising on both risks of irregular migration and safe legal channels, diaspora engagement/remittances (including financial literacy), labour migration and international protection that covers all refugee populations; 7. National migration data management systems are strengthened and the knowledge base on migration is improved; 8. Strengthened regional dialogue on migration, forced displacement, return and reintegration. 4.3 Main activities [38] All assistance efforts will need to be clearly linked to relevant national policies. The nexus between humanitarian and development assistance will need to ensure a smooth interaction between relief and development. Main activities across the countries may include the following: 1. Information, tracking and profiling: activities under this component are aimed at capturing population movements, routes and flows, and at the profiling of migrants, returnees, refugees and IDPs in order to design a better tailored response and include providing technical support and knowledge transfer on methods of collecting, ***producing***, disseminating and analysing statistical data and supporting the establishment of a migration data management system. The expansion of tools like IOM’s Displacement Tracking Matrix (DTM) will be supported through this action. Vulnerability and needs assessment would be conducted to determine the right beneficiaries and the type of ***interventions***; 2. Access to economic opportunities and integrated service-delivery in host countries and reintegration in countries of origin: improve the socio-economic condition of returnees, refugees, IDPs and displaced-hosting communities based on a market-system approach. It will consist of activities aimed to provide/develop: a. support documentation of refugees/returnees with identification as a critical means for access to services, and where appropriate, support migration management with a focus on mixed migration to promote mutually acceptable regimes for cross-border movements to seize development opportunities of mobility; b. support for integrated service-delivery systems targeting both forcibly displaced persons as well as their host/return communities; c. support for employment opportunities for refugees, IDPs and their host communities (requiring policy commitment for better regulatory environment for refugee employment), underpinned by labour market assessments, which include opportunities for self-employment; d. small grants mechanism for targeted high return areas for community-driven ***programming***; e. enhanced TVET and skills development opportunities to address specific needs of sustainable return, reintegration and socio-economic cohesion; f. information and legal counselling services on aspects related to forced displacement and return such as housing, land, property issues and management of potential debt arising from migration experience; g. reestablishment of networks and ties between communities of origin and forced displacement; h. support to community outreach activities to enhance trust and promote social cohesion at local level; [39] i. enhanced orientation and referral services for returnees (especially health – including immunisation campaigns with special attention to polio, education, etc.) and support to national delivery systems for both hosts, IDPs and refugee communities to facilitate access to basic services, like health an education; j. tailored individual or family-level assistance, where appropriate; k. support for land tenure to refugees/returnees/IDPs. 3. Protection and human rights, especially for vulnerable groups like women and unaccompanied minors, including activities like training of local actors on human rights protection, support to family tracing/reunification services, legal aid and counselling. All activities in the ***programme*** will be targeted based on vulnerability and needs. Considering the (pockets of) fragility and conflict in the targeted countries (Afghanistan, Iraq, Pakistan, Iran and Bangladesh), the ***programme*** will mainstream protection to ensure that access to ***programme*** activities/services is provided on a safe, equal and fair basis and to prevent, reduce/mitigate and respond to the risks and consequences of violence, coercion, deliberate deprivation and abuse, in line with the European Commission guidelines on protection in humanitarian crises. 4. Capacity building/empowerment of public authorities at national and local level: may include support to draft legislation and by-laws, support to the development of national strategies and action ***plans*** focusing specifically on dealing with socio-economic inclusion of forcibly displaced populations, gaps and needs assessment, trainings, study visits etc. Afghanistan Building on the EU support measures initiated in 2016 and guided by the Afghan Government’s migration action ***plan*** matrix, action should focus on: 1. Information, tracking and profiling 2. Access to economic opportunities and integrated service-delivery in host communities and reintegration in communities of origin – activities may include: a. Specific support to the Government's goal of providing all arrivals with immediate registration and proper documentation, and immediate assistance as needed; b. Building on the activities for technical and vocational training established under the 2016 package, support to sustainable livelihoods opportunities, employment and income generation. Support measures could include labour-intensive and productive public work schemes for implementing certain other goals of the Government's action matrix (e.g Citizens' charter ***programme***, regularisation of informal settlements and improved access to utilities, livelihood ***programmes***), as much as microfinance, support to self-employment and business start-ups. Actions will also include activities related to community empowerment, community and productive infrastructure development and cultural initiatives aimed to foster social cohesion and sustainable reintegration of displaced people/returnees in the recipient communities; [40] c. Specific support to the Government's goal of improving access to land and adequate housing, particularly in (urban and peri-urban) areas of high return, including measures dealing with affordable housing and regularisation of informal settlements; specific attention should be given to policies and regulatory framework for improved tenure security; d. In a context of high mobility, to avoid the disruption of services (notably education and health) and facilitate access to assistance, the focus should be on support for national social protection schemes to address forced displacement related challenges. Activities in the health sector may also include improved vaccine coverage and access to immunisation – with special attention to polio – for returnees and internally displaced people (especially children aged below five years) at the point of entry or registration in Afghanistan, and/or at the places of (temporary) settlement. 3. Protection and human rights, especially for vulnerable groups like women and unaccompanied minors; 4. Capacity building/empowerment of public authorities at national and local level: direct budgetary assistance and technical support to the Government of Afghanistan's policies on migration and forced displacement, through a reinforcement of the 'incentive package' set up under the 2016 special measure on 'Improving reintegration of returnees in Afghanistan, Bangladesh and Pakistan'. Specific attention needs to be given to access to basic services (i.e education and health – including standard immunisations with special attention to polio) for returnees, IDPs and host communities; Particular attention needs to be given to young migrants, with regard to their employability and economic opportunities but also with regard to their social integration in host communities. Bangladesh 1. Information, tracking and profiling 2. Access to economic opportunities and integrated service-delivery in host countries and reintegration in countries of origin a. Building on the activities for skills development established under the Bangladesh Annual Action ***Programme*** 2015 “Skills 21 – Empowering citizens for inclusive and sustainable growth” (first migration window, targeting approximately 1000 returnees and their family members), activities may include TVET and skills development opportunities to address specific needs of sustainable return including from transit countries, reintegration and socio-economic cohesion. Complementing the ***intervention*** foreseen under Skills 21, the activities will target an additional 2000 returnees and their family members (1000). Specific training practices for returnees and family members will be offered in seven local development skills centres and will have, to the extent possible, a country-wide coverage. The vocational training activities, tailored to returnees, will take into account the main findings of the market needs analysis which will be previously undertaken at the local level, so as to better match the training to be provided with labour market [41] needs, in order to ensure their potential employability. Specific services will be offered tailored to returnees such as recognition of prior learning and knowledge acquired abroad. b. Remittances and development: reinforcement of access to financial literacy training and services for returnees and their family members, to complement the services already foreseen in the 2016 Special Measure. This activity consists of developing manuals and trainings modules on: a) entrepreneurships for developing new business; b) financial literacy on use and investment of remittances, better management of incomes, savings for the future, expenditure for education for children and health services, benefits of saving money in banks, reducing risks of transfer of remittances and increase use of the formal channels. 3. Capacity building of national authorities to develop and implement sustainable migration policies and migration management system: activities may include in particular actions aimed at fighting migrant smuggling and trafficking in human beings, diaspora investment/remittance and awareness-raising activities on the risks associated with irregular migration. The latter will be carried out at community level to make the potential migrant workers and their family members more aware of the risks associated with irregular migration and to promote safe migration through legal channels (legal opportunities, rights and benefits of regular migration). These activities will also help engage the stakeholders (community people, government officials, local elite e.g ) to promote safe migration from Bangladesh and progressively change community perceptions and behaviours about irregular migration. They may include, inter alia: a. Capacity building and resources development; b. Elaboration of Information, Education and Communication (IEC) material; c. Volunteer development and engaging volunteers in awareness campaigns; d. Revision of the National Communication Strategy on migration for enhanced efficiency and effectiveness of messaging/community outreach; e. Activities such as interactive popular theatre, street drama, community meetings, video shows in public places; media sensitisation and networking on migration issues; information sessions on the occasion of large community migrants’ fairs at district level such as the International Migrants Day which will be celebrated at the national, district and Upazila level to mobilise people and policy makers on safe migration. Awareness activities will be carried out at local level through local NGOs using a mix of different communication strategies, channels and tools. Iran 1. The component 'access to economic opportunities and integrated service-delivery in host countries and reintegration in countries of origin' may include: a. Supporting refugee registration, including ensuring personal data protection, as a critical means to access the national service delivery systems; [42] b. Supporting national (basic) service delivery systems for both refugees and their (vulnerable) host communities, including support to the development and/or strengthening of national social protection schemes (such as the Salamat (Health) Insurance ***Programme***) to ensure the inclusion of refugees on equal footing with nationals (including contributory schemes) by promoting social cohesion, as well as education for refugees in order to ensure their inclusion in the job market and overall employability; c. Supporting employment opportunities, based on a thorough analysis of labour market gaps/needs, and/or facilitating access to financial services to encourage entrepreneurship for refugees and (vulnerable) host communities, both requiring a policy commitment for further improving regulatory environment for refugee employment (e.g exploring value chain development) and collaboration with private sector actors at provincial/local level; d. Possibly: facilitating return of Afghans who would like to voluntarily return. 2. The component 'capacity building of national authorities to develop and implement sustainable migration policies and migration management system' may include increasing the knowledge base, data gathering and analysis, exchange of best practices and sharing of experience in particular on border management, document security, fighting migrant smuggling and trafficking in human beings, routes, flows and trends, where appropriate. Iraq More specifically, the ***intervention*** in Iraq will target the following components: 1. Information, tracking and profiling: Provision of accurate information to potential migrant and returnees in country and abroad. Activities could include the creation of 'migration resource centres' offering neutral space to obtain accurate information on legal migration procedures and documentation required, as well as the risks of irregular migration and information for returnees on their rights and potential opportunities for reintegration. 2. Access to economic opportunities and integrated service-delivery in host countries and reintegration in areas/communities of origin: a. Socio-economic (re)integration of IDPs and returnees, as well as vulnerable members of communities. Activities may include support for social-protection systems – including education and child-protection measures; livelihood and income generation; facilitation of employment opportunities matching labour demand and supply; access to more inclusive financial services to encourage entrepreneurship; self-reliance opportunities for displaced persons and host communities. This will be based on a thorough analysis of socio-economic needs and labour market gaps/needs and on existing and future assessment of current social safety nets in place and of the current labour policies so as to further improvement of the regulatory framework and address barriers faced by IDPs and returnees; [43] b. Reconstruction and revitalisation of communities: activities may include support to communities' economic and social infrastructure and rehabilitation of basic services; conflict prevention, reconciliation/reducing tension and strengthening social cohesion. 3. Capacity building of national authorities to develop and implement sustainable migration policies and migration management system: activities may include support to Iraqi Government to develop and implement sustainable migration policies, including providing assistance to migrants in need of international protection, with a more inclusive and less fragmented migration management system, including actions fighting trafficking in human beings and migrant smuggling, information and awareness-raising activities at national and international level, border management. Activities will also focus on legislations regulating the labour market, labour migration, housing, property and land rights and dispute resolution. Pakistan In addition to the activities foreseen above and building on the EU support measures initiated in 2016, specific activities in Pakistan should focus on: 1. Information, tracking and profiling: support analysis and monitoring of migrant flows; 2. Access to economic opportunities and integrated service-delivery in host communities and reintegration in communities of origin – activities may include: a. Actions aiming to enhance the resilience and self-reliance of the forcibly displaced, the returnees and their host / return communities and to ease social tensions; b. Building on the activities for technical and vocational training established under the 2016 package, providing TVET, skills development and business opportunities to returnees to facilitate reintegration in Punjab and in KP; supporting community development and empowerment as important elements to facilitate reintegration at local level. c. Providing TVET and skills development opportunities to Afghan refugees, to facilitate their reintegration once back in Afghanistan, and supporting documentation on undocumented Afghans in Pakistan with identification as a critical means to access services; 3. Capacity building/empowerment of public authorities at national and local level – activities may include: a. Strengthening of migration policies and management systems. In particular, supporting the ***planned*** New Refugee Law and its implementation and promoting mutually acceptable regimes for cross-border movements in order to seize development opportunities of mobility; b. Actions targeting the fight against smuggling and trafficking in human beings, including border management. [44] 4.4 ***Intervention*** logic The project is designed to address the challenges of irregular migration and forced displacement at different levels. On the macro-level the project activities are geared towards enhancing institutional frameworks and capacity of stakeholders to better address migration and forced displacement issues (including – inter alia – migration and asylum management systems, protection, socio-economic inclusion, return and reintegration). This is essential in order to have in place sustainable policies related to all areas of migration management and forced displacement at both central and local level to foster sustainability of the ***intervention***. This entails also the capacities of national and local authorities providing access to integrated service-delivery and economic opportunities for returnees, forcibly displaced populations and host communities, which are key elements of responsible migration management and effective public service delivery. At micro-level, the ***intervention*** is designed to build the resilience and self-reliance of returnees, refugees, IDPs and their host/return communities to help beneficiaries to re-establish stable livelihoods and perspectives for the future and increase absorption capacity for returnees in their respective communities, thus helping to prevent further irregular migration and fostering social cohesion. 5. IMPLEMENTATION 5.1 Financing agreement In order to implement this action, it is foreseen to conclude financing agreements and/or addenda to existing ones with the partner countries for:  all the activities related to Pakistan and Iraq;  the component related to the World Bank, UNESCO and activities in direct management in Afghanistan. It is not foreseen to conclude a financing agreement in Afghanistan for the other components (i.e indirect management with IOM, UNHCR, UN-HABITAT, UNICEF/WHO);  the component related to the top-up of the Skills 21 ***programme*** (AAP 2015). It is not foreseen to conclude a financing agreement in Bangladesh for the other components (i.e actions in indirect management with IOM); It is not foreseen to conclude a financing agreement with the partner country in Iran. 5.2 Indicative implementation period The indicative operational implementation period of this action, during which the activities described in section 4.3 will be carried out and the corresponding contracts and agreements implemented, is a maximum of 60 months from the date of entry into force of the financing agreement in Afghanistan, Iraq and Pakistan and from the date of adoption by the Commission of this Action Document for Bangladesh and Iran and for the component not subject to financing agreement in Afghanistan. [45] Extensions of the implementation period may be agreed by the Commission’s authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014. 5.3 Implementation modalities Both in indirect and direct management, the Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures affecting the respective countries of operation 37. 5.3.1 Grants Call for proposals 1 – 'Sustainable (re)integration of returnees and displaced populations through skill development and improved employment opportunities' (direct management) – Afghanistan (a) Objectives of the grants, fields of ***intervention***, priorities of the year and expected results  The objective of the call for proposals is to improve employment opportunities, especially for youth, through skills development and labour market access, thus favouring (re)integration and social cohesion in host communities;  The expected results of the action is to enhance skills (and thus employability) of Afghans, in particular the youth, in areas of high migration/return/forced displacement;  The main activities will build a basis for resilience through ***interventions*** in the areas of livelihoods, youth employment, skill enhancement, job-creation, reconstruction, social cohesion, rule of law and good governance. Activities will target both returnees/IDPs and host communities/communities of origin; (b) Eligibility conditions In order to be eligible for the grant, applicants must:  be legal persons and  be a member states agency, non-governmental organisation, civil society organisation, international research organisation, university or university related organisation or an international organisation as defined by Article 43 of the Rules of Application to the EU Financial Regulation38 and 37   [*https://eeas.europa.eu/sites/eeas/files/restrictive\_measures-2017-04-26-clean.pdf*](https://eeas.europa.eu/sites/eeas/files/restrictive_measures-2017-04-26-clean.pdf) 38 International organisations are international public-sector organisations set up by intergovernmental agreements as well as specialised agencies set up by them; the International Committee of the Red Cross (ICRC) and the International Federation of National Red Cross and Red Crescent Societies, European Investment Bank (EIB) and European Investment Fund (EIF) are also recognised as international organisations. [46]  be established in39 a Member State of the EU or an eligible nation as per Article 9 (DCI) of the Regulation (EU) 236 / 2014 (CIR). This obligation does not apply to international organisations and  be directly responsible for the preparation and management of the action with the co-applicant(s) and affiliated entity(ies), not acting as an intermediary and  be operational in Afghanistan at the moment of the launch of the call for proposals. Subject to information to be published in the call for proposals, the indicative amount of the EU contribution per grant is EUR 3.5 million and the grants may be awarded to sole beneficiaries and to consortia of beneficiaries (coordinator and co-beneficiaries).The indicative duration of the grant (its implementation period) is 48 months (c) Essential selection and award criteria The essential selection criteria are financial and operational capacity of the applicant. The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action. (d) Maximum rate of co-financing The maximum possible rate of co-financing for grants under this call is 80%. In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100%. The essentiality of full funding will be justified by the Commission’s authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management. (e) Indicative timing to launch the call First half 2018. Call for proposals 2 – 'Access to economic opportunities and integrated service-delivery for Afghan refugees/undocumented migrants and host communities in Iran' (direct management) – Iran (a) Objectives of the grants, fields of ***intervention***, priorities of the year and expected results  The objective of the call for proposals is to improve livelihoods, skills and employability of Afghan refugees/undocumented migrants and their host communities, through improved access to national service delivery systems, skills development and labour market access, thus favouring integration and social cohesion in host communities; 39 To be determined on the basis of the organisation's statutes which should demonstrate that it has been established by an instrument governed by the national law of the country concerned. In this respect, any legal entity whose statutes have been established in another country cannot be considered an eligible local organisation, even if the statutes are registered locally or a “Memorandum of Understanding” has been concluded. [47]  The expected results of the action is to enhance livelihood, employability and inclusion of Afghans, in particular the youth, in areas of high migration /forced displacement and to favour social cohesion;  The main activities will build a basis for resilience through ***interventions*** in the areas of livelihoods, youth employment, skill enhancement, job-creation, reconstruction, social cohesion, rule of law and good governance. Activities will target both refugees/displaced people and host communities; (b) Eligibility conditions In order to be eligible for the grant, applicants must:  be legal persons and  be a member states agency, non-governmental organisation, civil society organisation, international research organisation, university or university related organisation or an international organisation as defined by Article 43 of the Rules of Application to the EU Financial Regulation40 and  be established in41 a Member State of the EU or an eligible nation as per Article 9 (DCI) of the Regulation (EU) 236 / 2014 (CIR). This obligation does not apply to international organisations and  be directly responsible for the preparation and management of the action with the co-applicant(s) and affiliated entity(ies), not acting as an intermediary and  be operational in Iran at the moment of the launch of the call for proposals. Subject to information to be published in the call for proposals, the indicative amount of the EU contribution per grant is EUR 3.5 million and the grants may be awarded to sole beneficiaries and to consortia of beneficiaries (coordinator and co-beneficiaries).The indicative duration of the grant (its implementation period) is 48 months (c) Essential selection and award criteria are the same as in the above mentioned call for proposal 1. (d) Maximum rate of co-financing is the same as in the above mentioned call for proposal 1. (e) Indicative timing to launch the call First half 2018. 40 International organisations are international public-sector organisations set up by intergovernmental agreements as well as specialised agencies set up by them; the International Committee of the Red Cross (ICRC) and the International Federation of National Red Cross and Red Crescent Societies, European Investment Bank (EIB) and European Investment Fund (EIF) are also recognised as international organisations. 41 To be determined on the basis of the organisation's statutes which should demonstrate that it has been established by an instrument governed by the national law of the country concerned. In this respect, any legal entity whose statutes have been established in another country cannot be considered an eligible local organisation, even if the statutes are registered locally or a “Memorandum of Understanding” has been concluded. [48] Grants: call for proposals 3 – 'Improving livelihood, employment opportunities and access to social protection schemes for IDPs and host communities / communities of origin in Iraq' - (direct management) – Iraq (a) Objectives of the grants, fields of ***intervention***, priorities of the year and expected results  The objective of the call for proposals is to improve livelihoods and employment opportunities for IDPs, especially for youth and vulnerable groups;  The expected result of the action is for Iraqi IDPs and targeted communities to have increased livelihoods and job opportunities in Iraq through improved access to social protection schemes, including the provision of skills development and job placement services;  The main activities will build a basis for resilience through ***interventions*** in the areas of livelihoods, youth employment, skill enhancement, job-creation, reconstruction, social cohesion, rule of law and good governance. (b) Eligibility conditions In order to be eligible for the grant, applicants must:  be legal persons and  be a member states agency, non-governmental organisation, civil society organisation, international research organisation, university or university related organisation or an international organisation as defined by Article 43 of the Rules of Application to the EU Financial Regulation42 and  be established in43 a Member State of the EU or an eligible nation as per Article 9 (DCI) of the Regulation (EU) 236 / 2014 (CIR). This obligation does not apply to international organisations and  be directly responsible for the preparation and management of the action with the co-applicant(s) and affiliated entity(ies), not acting as an intermediary  be operational in Iraq at the moment of the launch of the call for proposals. Subject to information to be published in the call for proposals, the indicative amount of the EU contribution per grant is EUR 1 million and the grants may be awarded to sole beneficiaries and to consortia of beneficiaries (coordinator and co-beneficiaries).The indicative duration of the grant (its implementation period) is 48 months 42 International organisations are international public-sector organisations set up by intergovernmental agreements as well as specialised agencies set up by them; the International Committee of the Red Cross (ICRC) and the International Federation of National Red Cross and Red Crescent Societies, European Investment Bank (EIB) and European Investment Fund (EIF) are also recognised as international organisations. 43 To be determined on the basis of the organisation's statutes which should demonstrate that it has been established by an instrument governed by the national law of the country concerned. In this respect, any legal entity whose statutes have been established in another country cannot be considered an eligible local organisation, even if the statutes are registered locally or a “Memorandum of Understanding” has been concluded. [49] (c) Essential selection and award criteria are the same as in the above mentioned call for proposal 1. (d) Maximum rate of co-financing is the same as in the above mentioned call for proposal 1. (e) Indicative timing to launch the call First half 2018. 5.3.2 Procurement (direct management) See evaluation, audit and communication. 5.3.3 Indirect management with an International organisation. A part of this action may be implemented in indirect management by the international organisations mentioned below, in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012: Regional activities (in the five countries covered by the action)  United Nations Office for Drugs and Crime (UNODC, in partnership with and IOM), this implementation entails activities related to anti-smuggling and anti-trafficking in human beings. This implementation is justified because fight against human trafficking is part of its core business and because its experience and well stablished presence in the country;  IOM: this implementation entails activities aimed to capturing population movements and to profiling of migrants, returnees, refugees and IDPs through the expansion of IOM's Displacement Tracking Matrix (DTM). This implementation is justified because migration is part of IOM's core business and because its experience and well established presence in the country;  International Centre for Migration Policy Development (ICMPD): this implementation entails activities related to integrated border management. This implementation is justified because migration policies and border management are part of its core business and because its experience and well stablished presence in the country. Activities targeting Afghan refugees/undocumented/IDPs  UNHCR: this implementation entails regional activities in support of Afghan refugees/IDPs in Afghanistan, Iran and Pakistan and sustains the eventual return and (re)integration process. In particular, UNHCR will support the implementation of regional and national frameworks and policies for protection, return and forced displacement in coordination with the Governments, UN agencies and NGOs including through strengthened data collection, profiling and analysis. Community-based activity will also be launched to increase access to services and livelihoods that could be up scalable through the World Bank livelihood ***programme*** under preparation. These will be accompanied by income generating activities supporting joint-venture businesses through private sector inclusion and facilitating access to microfinance services. In Pakistan activities may also include provision of TVET and skills development opportunities to Afghan refugees, to [50] facilitate their reintegration once back in Afghanistan. Support to the New Refugee Law in Pakistan and to registration / documentation of refugees in both Pakistan and Iran may also be covered under this component. This implementation is justified because of UNHCR's well established presence in the countries and because it has refugees' international protection as its core business. UNHCR is a signatory to the Solution Strategy for Afghan Refugees alongside the Governments of the Islamic Republics of Afghanistan, Iran and Pakistan. UNHCR is mandated to protect and facilitate solutions for refugees, returnees and IDPs and has the necessary expertise in this regard. In this context, UNHCR supports the Government of Afghanistan in leading on policy development and implementation including on the Policy Framework for Return and Displacement and the National IDP Policy. UNHCR enjoys strong community acceptance in Afghanistan.  UNICEF: this implementation entails activities related to the care of refugees and young migrants (including unaccompanied minors), with regard to their protection, their education, their employability and economic opportunities but also with regard to their social integration in host communities. It may also cover, tentatively in partnership or co-delegation with the WHO, vaccination campaigns with special attention to polio and capacity building of local authorities for the management of supplementary immunisation campaigns. Activities will be implemented in Afghanistan and Iran. This implementation is justified because of UNICEF and WHO’s well established presence in the countries (Afghanistan and Iran) and because they have protection of children (UNICEF) and prevention of communicable diseases (WHO) among the areas of their core business. Afghanistan  IOM: this implementation entails activities related to return and sustainable (re)integration of returnees and IDPs to address the regional and international migration and forced displacement crisis, including support to registration and documentation, TVET for individual returnees, community development projects, creation and expansion of small businesses, technical support to the Ministry of Refugees and Repatriations (MoRR) to strengthen its secretarial role in support of the High-level Commission on Migration, its coordinating role also as co-chair of DiREC, developing provincial return and reintegration mechanisms and improving communication. This implementation is justified because migration is part of IOM's core business and because its experience and well established presence in the country.  UNESCO: this implementation entails activities in support to cultural initiatives for Afghan Returnees and IDPs, e.g : (i) the safeguarding of cultural heritage, (ii) the development of a network of cultural centres across the country to foster heritage education and awareness and (iii) the promotion of creative industry for employability and job creation. This implementation is justified because culture is part of UNESCO's core business and because of its experience and well established presence in the country.  UN-HABITAT: this implementation entails activities related to supporting the Government's goal of improving access to land, particularly in areas of high return, [51] including measures dealing with regularisation of informal settlements; specific attention should be given to policies and regulatory framework for improved tenure security as well as access to livelihood opportunities. This implementation is justified because of UN-HABITAT's well established presence in the country and because it has improved access to habitat as its core business.  World Bank: this implementation entails safeguarding and increasing the Government’s capacity for public service delivery including in the area of returns and reintegration both directly and through ***programmes*** like the Citizens' Charter and the Livelihood ***programme*** ***planned*** to start early 2018. This support will address the humanitarian development nexus and on longer term nationwide reintegration goals. This implementation is justified because the World Bank is the ARTF’s Administrator, the leading Trust Fund operating directly on the national budget and has long-standing experience in implementing development aid in Afghanistan. For the budget-implementation tasks not yet assessed, the World Bank is currently undergoing the ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012. The Commission's authorising officer responsible deems that, based on the compliance with the ex-ante assessment based on Regulation (EU, Euratom) No 1605/2002 and long-lasting problem-free cooperation, the international organisation can be entrusted with budget-implementation tasks under indirect management. Bangladesh  IOM: this implementation entails the top-up of the activities launched under the 2016 special measure 'Improving reintegration of returnees in Afghanistan, Bangladesh and Pakistan' related to the social reintegration of returnees (in particular remittances-related activities like financial literacy) and awareness raising and information activities at local level. This implementation is justified because of IOM’s well established presence in the country and because it has migration as its core business. If negotiations with the above-mentioned entrusted entity fail, the part of this action covering remittances-related activities may be implemented in indirect management with International Fund for ***Agricultural*** Development (IFAD). This implementation is justified because of IFAD's expertise on remittances and development, including promotion of diaspora engagement in their countries of origin.  ILO: this implementation entails the top-up of the Skills 21 ***programme*** (AAP 2015) as concerns activities related to skills development for returnees. This implementation is justified because skills development part of core business of ILO's and its well stablished presence in the country. Iran  ICMPD: this implementation entails activities related to the component 'capacity building of national authorities to develop and implement sustainable migration policies and migration management system'. This implementation is justified because of ICMPD’s well established presence in the country and because it has migration as its core business. [52] Activities supporting Afghan refugees/undocumented and young migrants in Iran will be covered by the actions implemented by UNHCR and UNICEF respectively, as previously mentioned under the section on activities targeting Afghan refugees/undocumented/IDPs. Iraq  IOM: this implementation entails activities related to the socio-economic reintegration of returnees and specific activities to improve migration management, through close involvement of the Government departments within the existing frameworks already developed with the country authorities. This implementation is justified because of IOM’s well established presence in the country and because it has migration as its core business. Pakistan  IOM: Building on the process and actions initiated through the 2016 Special Measure 'Improving reintegration of returnees in Afghanistan, Bangladesh and Pakistan', this implementation entails activities addressed to returnees, aspiring migrants and members of source/host communities to favour access to enhanced livelihood support, social and psychosocial counselling, skills development and TVET. Action will also focus on developing and delivering tailored initiatives that improve the reintegration support in Punjab and KP Provinces. This implementation is justified because of IOM’s well established presence in the country and because it has migration as its core business.  GIZ: this implementation entails the top-up of the ***programme*** 'Support to the Technical and Vocational Education and Training (TVET) Sector in Pakistan (TVET III)' (AAP 2015 – i.e creation of 'migration window') as concerns activities related to TVET and skills development of Afghan refugees to facilitate their reintegration once back in Afghanistan. This implementation is justified because of GIZ’s well established presence in the country and strong track record in the ongoing implementation of the above-mentioned ***programme***. If negotiations with the above-mentioned entrusted entity fail, this action may be implemented in indirect management with UNHCR under the regional component addressing the needs of Afghan refugees in Afghanistan, Pakistan and Iran. This implementation is justified because of UNHCR's well established presence in the countries and because it has refugees' international protection as its core business. In all cases of indirect management, the entrusted entities would carry out the following budget-implementation tasks to the extent of their pillar assessment status: launch calls for tenders and calls for proposals; define eligibility, selection and award criteria; evaluate tenders and proposals; award grants and contracts; act as contracting authority concluding and managing contracts, carrying out payments, recovering moneys due and cancelling debts that cannot be recovered. Some of the entrusted international organisations and the alternative entrusted international organisation are currently undergoing the ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012. The Commission’s authorising officer responsible deems that, based on the compliance with the ex-ante assessment based on Regulation (EU, [53] Euratom) No 1605/2002 and long-lasting problem-free cooperation, the international organisation[s] can be entrusted with budget-implementation tasks under indirect management. 5.4 Scope of geographical eligibility for procurement and grants The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply. The Commission’s authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult. 5.5 Indicative budget EU contribution (amount in EUR) Thematic 21.020705 Asia 21.020200 Afghanistan 21.020500 Regional / Multi-country activities 36 000 000 Indirect management UNODC/IOM Anti-smuggling/anti-trafficking in human beings 12 000 000 Indirect management IOM Displacement Tracking Matrix (DTM) 12 000 000 Indirect management ICMPD Integrated border management 12 000 000 Activities targeting Afghan refugees/undocumented/IDPs 59 000 000 Indirect management with UNHCR Actions in Afghanistan, Iran and Pakistan and possible support to reintegration44. 34 000 00045 44 Activities may also include , support to:  Implementation of the regional and national frameworks and policies for return and forced displacement in coordination with the Government, UN agencies and NGOs including through strengthening data collection, profiling and analysis, supporting registration and documentation and relevant policy development.  Access to national (basic) service delivery systems for both refugees/returnees and their return/host communities, including support to national social protection schemes, and livelihoods through reinforced community social cohesion (i.e community participation and empowerment; community and productive infrastructure development as part of early recovery support) as a component of their regional approach up-scalable through the World Bank livelihood ***programme*** under preparation. [54] Indirect management with UNICEF and WHO Activities related to reinforce the care of refugees and young migrants (including unaccompanied minors)46. This component will cover actions in both Afghanistan and Iran. 25 000 00047 Afghanistan 65 700 000 Indirect management with IOM Top-up 2016 decision, i.e activities related to sustainable reintegration, including support to registration and documentation48 12 000 000 Indirect management with UN-HABITAT Activities related to support the Government's goal of improving access to land, particularly in areas of high return49 16 700 000 Indirect management with UNESCO Support to cultural initiatives for Afghan Returnees and IDPs 3 000 000\* Indirect management with World Bank Top-up 2016 decision (i.e Incentives Package, extension to Citizen's Charter/migration window and/or livelihood ***programme***) 27 000 000\* Direct management (call for proposals) 7 000 000  Sustainable income generating activities and facilitate joint-venture businesses through private sector inclusion and increased access to microfinance services. 45 Tentatively: EUR 19 million may be allocated to Afghanistan, EUR 10 million to Iran and EUR 5 million to Pakistan 46 Activities may also include protection, health, education, employability and economic opportunities but also with regard to social integration in host communities. It may also include, in partnership or co-delegation with the WHO, the vaccination campaigns with special attention to polio and capacity building of local authorities for the management of supplementary immunisation campaigns. 47 Tentatively, EUR 20 million may be allocated to Afghanistan – of which EUR 15 million for vaccination-related activities – and EUR 5 million to Iran) 48 Activities may also include TVET for individual returnees, community development projects, creation and expansion of small businesses, technical support to MoRR to strengthen its secretarial role in support of the High-level Commission on Migration, development of provincial return and reintegration mechanisms and improvement of communication. 49 Activities may also include measures dealing with regularisation of informal settlements; specific attention should be given to policies and regulatory framework for improved tenure security as well as access to livelihood opportunities. [55] TVET, skills development, labour market access Bangladesh 6 000 000 Indirect management with ILO Vocational training activities for returnees and related services. 3 000 000 Indirect management with IOM Awareness raising and information activities at local level. Remittances-related activities (e.g financial literacy). 3 000 000 Iran 10 000 000 Indirect management with ICMPD Capacity building of national authorities on sustainable migration policies and migration management system. 3 000 000 Direct management (call for proposals) Livelihood, access to economic opportunities and integrated service-delivery. 7 000 000 Iraq 10 000 000 Indirect management with IOM Socio-economic reintegration of returnees and activities to improve migration management. 6 000 000 Direct management (call for proposals) Livelihood and employment opportunities. 4 000 000 Pakistan 9 000 000 Indirect management IOM Reintegration and enhanced livelihood. 4 500 000 Indirect management GIZ TVET and skills development. 4 500 000 Total per budget line 90 000 000 40 000 000 65 700 000\* Total 195 700 000\* \* of which EUR 30 000 000 from budget 2018 5.6 Organisational set-up and responsibilities In order to ensure enough flexibility and prioritisation of needs in the fast-changing area of migration management and forced displacement, a strong coordination will be carried out by the European Commission (DG DEVCO, DG HOME, DG ECHO) and the EEAS. Meetings will be conducted on a quarterly basis. The Commission services will supervise the [56] implementation of project activities and their adaptation in function of the changing migratory patterns and political priorities. The Commission will work closely with the Governments and local authorities of the concerned beneficiary countries to ensure that the activities are in line with their national priorities. Afghanistan The National Steering Committee set up to ensure overall coherence and coordination of activities in Afghanistan launched through the 2016 special measure 'Improving reintegration of returnees in Afghanistan, Bangladesh and Pakistan' will also oversee the implementation of this action. It will comprise of representatives of the Office of the President, MoRR, MoLSAMD, other relevant Afghan entities, IOM, other implementing partners, and the EU Delegation. They will meet at least once per year. The EU will extend / confirm the set of benchmarks for achievements under the incentives ***programme*** through a rider to the Financing Agreement related to the 2016 special measure. A common assessment that may include EU-procured external assessments of progress and achievements will inform the process on a regular basis and will establish the number of benchmarks achieved. The Government of Afghanistan will be informed in due course about the EU decision on the corresponding disbursement amount. Incentive payments will be released through an Administration Agreement signed with the World Bank and will be channelled through the ARTF ad hoc (bilateral) payment facility (AHP), reimbursing costs of activities under 4.3 above. Bangladesh The National Steering Committee set up to ensure overall coherence and coordination of activities in Bangladesh launched through the 2016 special measure will also oversee the implementation of this action. It includes representatives of relevant Ministries (MoFA, MoHA and MEWOE), the EU Delegation and representatives of Member States on behalf of ERIN. It will meet at least once per year to contribute to project implementation, taking stock of/reviewing progress made, providing ***strategic*** guidance and ensuring appropriate coordination among all the project stakeholders. The EU Delegation will be directly involved in the monitoring and steering of the action and will follow-up directly/establish links and synergies with the recently established EU-Bangladesh migration dialogue. Pakistan The National and Provincial (Punjab) Steering Committees set up to ensure overall coherence and coordination of activities in Pakistan launched through the 2016 special measure will also oversee the implementation of this action. It includes relevant Government departments at the national level and a representative of the EU Delegation in Pakistan. The provincial Steering Committee will include different provincial Government departments, representatives of the EU Delegation, and public and private service providers (including the Technical Education & Vocational Training Authority – TEVTA). It is proposed that the provincial Steering [57] Committee meetings are organised on a quarterly basis. The provincial Steering Committee will be tasked with finalising multiple criteria for selection of beneficiary communities and individuals for the proposed ***interventions***, aided by the technical expertise of ICMPD and IOM and relevant evidence base established through inception phase of the ***programme***. The Steering Committees will contribute to Government-ownership at both national and provincial levels of various ***programme*** areas, accommodating different perspectives and also ensuring participatory monitoring of project progress. 5.7 Performance monitoring and reporting It is of vital importance that a sound reporting and monitoring system is put in place. The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner’s responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation. The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews). 5.8 Evaluation Having regard to the importance of the action, a mid-term and a final evaluation may be carried out for this action or its components via independent consultants contracted by the Commission. The mid-term and final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision). The Commission shall inform the implementing partner(s) at least one month in advance of the dates foreseen for the evaluation mission(s). The implementing partner(s) shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities. The evaluation report(s) shall be shared with the partner country and other key stakeholders. The implementing partner(s) and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project. [58] The financing of the evaluation(s) shall be covered by another measure constituting a financing decision. 5.9 Audit Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements. The financing of the audit shall be covered by another measure constituting a financing decision. 5.10 Communication and visibility Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility ***Plan*** of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above. In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements. The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility ***Plan*** of the Action and the appropriate contractual obligations. Communication and visibility activities will be part of each contract that will be signed with the implementing partners under this decision. If additional communication and visibility activities covering the overall ***programme*** are deemed necessary during the course of implementation, these shall be covered by another measure constituting a financing decision. [59] APPENDIX - INDICATIVE LOGFRAME MATRIX The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Whenever appropriate, collected data should be disaggregated by gender, age and target group (i.e refugees, IDP’s, returnees, affected host/return communities) unless indicator is not beneficiary-based. Results chain Indicators Baselines (incl. reference year) Targets (incl. reference year) Sources and means of verification Assumptions Overall objective: Impact In line with the commitments undertaken by the Commission in the European Agenda on Migration and within the framework of the Sustainable Agenda 2030, the action primarily contributes to the progressive achievement of Goal 10.7 (SDG target 10), to facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of ***planned*** and well-managed policies. % of persons of concern covered by the project Migration policies integrated into existing government mechanisms based on evidence generated; N/A TBD UNHCR, IOM and other implementing partners’ monitoring reports. Government reports, budget and national development ***plans*** (where applicable) Project reports Monitoring reports, surveys National and local governments remain committed to well-managed migration policies, including protection and sustainable (re)integration and inclusion. Political stability in the concerned countries Increased security issues and natural disasters do not divert the attention of national authorities [60] Specific objectives: Outcome(s) The resilience and self-reliance of the targeted beneficiaries50 is enhanced, as they are equipped with necessary skills, have access to required resources and opportunities and their protection is ensured. They benefit from improved access to social services and develop economic ties to build sustainable livelihoods, which should foster social cohesion and stability. Their financial knowledge for a broader use of remittances is improved, as well as their awareness of the risks of irregular migration and the systems in place for regular migration. At the government level, migration policies and management systems are improved and migration dialogue between the EU and its partner countries is supported. % of national population with access to basic services (education/health/water/ sanitation/energy) and legal identity (documentation and birth registration) compared to % targeted beneficiaries access levels and country-wide average (if available). % of national population with access to economic opportunities to secure sustainable livelihoods, including land tenure, housing and property rights, livelihood services and labour market access through provincial and national systems compared to % targeted beneficiaries access levels and country-wide average (if available). Number of policy reforms and strategies adopted by partner countries to enable access to services and economic opportunities for forcibly displaced persons and their host communities. N/A TBD UNHCR, IOM and other implementing partners’ monitoring reports. Government reports, budget and national development ***plans*** (where applicable) Project reports Monitoring reports, surveys Political commitment to and active engagement in the project by concerned countries Minimal staff turnover in relevant authorities/implementing partners Timely decisions made by senior officials of national authorities throughout project implementation Political commitment of the concerned countries to strengthen national migration management structures, ensure protection and promote sustainable (re)integration Outputs Result 1: The resilience and self-reliance of the targeted beneficiaries is improved through improved access to integrated service-delivery (including health, education and other services), and economic opportunities, including land tenure, housing and property rights, livelihood services Number of targeted beneficiaries, having received support from the ***programme***, including enhanced support for vulnerable cases, disaggregated by refugees, IDP’s, returnees, affected host communities. Number of targeted beneficiaries referred and assisted for civil documentation, legal awareness and N/A TBD UNHCR, IOM and other implementing partners’ monitoring reports. Government reports, budget and Partner country governments remain willing to engage with the issue of integration/reintegration of refugees, IDPs and returnees. 50 This Special Measure will target all categories of 'people on the move', including refugees and IDPs, returning migrants, labour migrants, or potential other categories or specific vulnerable groups in need of return and reintegration assistance. The action will also target host/return communities. [61] and labour market access. legal aid Number of targeted beneficiaries who report increased: - literacy rate and primary school completion rate; - knowledge and skills; - income; - land tenure, housing and property rights - labour market access. Number of targeted beneficiaries who enjoy the same access level as their host communities to: - primary education; - training and skills certification; - income generating activities; - health facilities. national development ***plans*** (where applicable) Project reports Monitoring reports, surveys Governance is sufficiently strong and coordinated with service providers. Partner governments do not change their policies towards refugees, returnees & IDPs in a detrimental way concerning their rights. Result 2: Returning migrants, refugees, IDPs and their host/return communities receive appropriate support to actively participate in the local economy. Number of skills assessments and labour market assessments conducted which feed into TVET and skills development ***programmes***. Number of targeted beneficiaries (of working age) employed or engaged in income generating activities after vocational/skills training received Number of targeted beneficiaries who have started their own businesses N/A TBD UNHCR, IOM and other implementing partners’ monitoring reports. Government reports, budget and national development ***plans*** (where applicable) The local economy in the host/return communities is sufficiently strong. Host/return communities and the individuals in these communities are supportive of reintegration policy. Result 3: The capacities of the different target groups are strengthened and sustainable employment opportunities for returnees, refugees, IDPs and their host/return communities are created and, where needed, legal frameworks are Number and percentage of targeted beneficiaries placed in employment. Number of targeted beneficiaries who report increased in training and skills certification; education; and income - attributable to the project, Number of support mechanisms such as start-up support, employment N/A TBD UNHCR, IOM and other implementing partners’ monitoring reports. Government The labour market in the host/return communities is sufficiently strong. Refugees, IDPs and returnees receive appropriate training. [62] developed to ensure safe and dignified labour market access and prevent exploitation. service centres, tools, internships, job placements and mentorships launched. Establishment of a coordination mechanism and regular interactions between governments and actors for education/skills promotion and recognition. Number of policy instruments responsive to safe and dignified labour market access, tailored for refugees, IDP’s, returnees, affected host communities’ specific needs. reports, budget and national development ***plans*** (where applicable) Attendance sheets, certificates. Result 4: Human rights protection is enhanced for the different categories of 'people on the move' and their host/return communities. Number of targeted beneficiaries having used legal aid support Number of vulnerable beneficiaries receiving enhanced individual support Number of family tracing/reunification successfully performed Number of governmental and non-governmental actors trained and/or aware of legal frameworks for migration, fundamental rights of migrants and prevention of abuses and risks. N/A TBD UNHCR, IOM and other implementing partners’ reports. Government reports. Governments support human rights for refugees, IDPs and returnees, and this is translated into national legislation and is effectively enforced by government officials and respected by individuals in communities. Result 5: The strategy of integrated service delivery and economic opportunities for the forcibly displaced and their host communities is included in national development ***plans***. The capacities of national and local authorities in targeted countries are strengthened to provide access for forcibly displaced populations and their host communities to integrated service-delivery and economic Number of policy reforms and strategies adopted by partner countries, ensuring equal opportunity for refugees, IDP’s, returnees, affected host communities. Change of implemented methods in partner countries on migration-related matters, including in a regional and trans-regional context (Re)integration activities integrated into existing Government mechanisms N/A TBD Government reports, budget and national development ***plans*** (where applicable) Project reports and related monitoring reports Governments have a long-term developmental view on reintegration and this is effectively translated into national legislation and implemented at the grassroots level. Governments remain committed to sustainable migration policies, including [63] opportunities. based on evidence generated within 3 years. Number of officials trained, who report using their new skills in providing service-delivery to forcibly displaced populations and their host communities reintegration. Local government and local government officers have sufficient resources and are committed to implementing central government migration policy. Result 6: The capacities of national and local authorities in the targeted countries are strengthened to ***plan***, manage and implement sustainable migration policies related to all areas of migration management at both central and local level, including reintegration of returnees. The expected areas of migration management could include in particular: trafficking in human beings and smuggling of migrants, integrated border management, awareness raising on both risks of irregular migration and safe legal channels, diaspora engagement/remittances (including financial literacy), labour migration and international protection that covers all forcibly displaced populations. Number of capacity building initiatives and trainings implemented. Number of officials trained, who report using their training in the public service-delivery entities/areas targeted (i.e trafficking/smuggling/ border management/labour migration/ international protection). Number of information and outreach activities implemented Number of awareness-raising activities among migrants and aspirant migrants and their families on safe and legal migration initiated. Number of information exchange tools developed. N/A TBD Reports of capacity building initiatives and training ***programmes*** Implementing partners’ project monitoring reports. Information materials and products of awareness activities Meeting minutes Institutional settings remain the same and staff turnover is low Local government authorities have adequate absorption capacity (including sufficient qualified and experienced staff) to benefit from participation in ***programme*** activities and ultimately take over ownership National and provincial authorities continue to be committed to the promotion of sustainable reintegration, willing to engage in the implementation of the activities, and receptive to the recommendations provided Result 7: National migration data management systems are strengthened and the Number of officials trained and who report using their trainings in targeted public-service entity. N/A TBD Reports of capacity building initiatives and training Capacity building is sufficiently strong, staff [64] knowledge base on migration is improved. Number of mobility assessments, flow monitoring and surveys in communities carried out and report on use in public-service delivery; Number of target beneficiaries monitored per year (including for re-integration progress) Number of policy makers / public officials making effective use of information on migration and forced displacement Number of exchanges of good practices and lessons learnt on migration management from EU (including EU MS), regional partners and international organisations ***programmes*** Implementing partners’ project monitoring reports (in particular IOM) receives adequate training. Result 8: Strengthened regional dialogue on migration, forced displacement, return and reintegration. Number of intergovernmental meetings organised at a senior level. Number of regional collaboration measures on migration and mobility. N/A TBD Meeting reports Implementing partners’ project monitoring reports Political commitment of partner countries to strengthen regional dialogue and cooperation.

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1. 1Employment in the informal sector includes all jobs in private enterprises owned by individuals or households that are not constituted as separate legal entities independently of their owners (Hassmanns, 1993, p. 3). [↑](#footnote-ref-2)
2. 2Department: Rural Development and Land Reform, South Africa, “Implementation Evaluation of the Comprehensive Rural Development ***Programme***,” (5 September 2013). [↑](#footnote-ref-3)
3. 3[*www.thembisilehani.gov.za*](http://www.thembisilehani.gov.za) (accessed 30 November 2016). [↑](#footnote-ref-4)
4. 4The other four are the Batlokoa Traditional Council in Free State Province, and the Rharhabe Royal Kingdom, the Jalamba Traditional Council, and the Mhlontlo Local Municipality in the Eastern Cape Province. [↑](#footnote-ref-5)
5. 5Not her real name. [↑](#footnote-ref-6)